Government of Canada
Gouvernement du Canada

Prepared by the
Receiver General for Canada

Public Accounts of Canada

2009

Volume I

Summary Report and Financial Statements

Canada

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To Her Excellency

The Right Honourable Michaëlle Jean,
C.C., C.M.M., C.O.M., C.D.,
Governor General and
Commander-in-Chief of Canada

May it please your Excellency:

I have the honour to present to Your Excellency the *Public Accounts of Canada* for the year ended March 31, 2009.

All of which is respectfully submitted.

Vic Toews, P.C., Q.C., M.P.
President of the Treasury Board

Ottawa, October 29, 2009

To The Honourable Vic Toews, P.C., Q.C., M.P.
President of the Treasury Board

Sir:

In accordance with the provisions of section 64(1) of the *Financial Administration Act*, I have the honour to transmit herewith the *Public Accounts of Canada* for the year ended March 31, 2009, to be laid by you before the House of Commons.

Respectfully submitted,

Christian Paradis, P.C., M.P.
Receiver General for Canada

Ottawa, October 29, 2009

To The Honourable Christian Paradis, P.C., M.P.
Receiver General for Canada

Sir:

I have the honour to submit the *Public Accounts of Canada* for the year ended March 31, 2009.

Under section 64(1) of the *Financial Administration Act*, the *Public Accounts of Canada* for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I—The financial statements of Canada on which the Auditor General has expressed an opinion and provided her observations; a discussion and analysis of the financial statements and a ten-year comparison of financial information; analyses of revenues and expenses, and of asset and liability accounts; and various other statements;

Volume II—Details of the financial operations of the Government, segregated by ministry; and

Volume III—Additional information and analyses.

Respectfully submitted,

François Guimont
Deputy Receiver General for Canada

Ottawa, October 29, 2009

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VOLUME I

2008-2009

PUBLIC ACCOUNTS OF CANADA

Table of contents

Section

Introduction
1. Financial Statements Discussion and Analysis
2. Financial Statements of the Government of Canada and Report and Observations of the Auditor General of Canada
3. Revenues, Expenses and Accumulated Deficit
4. Consolidated Accounts
5. Accounts Payable and Accrued Liabilities
6. Interest-Bearing Debt
7. Cash and Accounts Receivable
8. Foreign Exchange Accounts
9. Loans, Investments and Advances
10. Non-Financial Assets
11. Contractual Obligations and Contingent Liabilities
12. Index

INTRODUCTION TO THE *PUBLIC ACCOUNTS OF CANADA*

Nature of the *Public Accounts of Canada*

The *Public Accounts of Canada* is the report of the Government of Canada prepared annually by the Receiver General, as required by section 64 of the *Financial Administration Act*. It covers the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources of data:

- the summarized financial transactions presented in the accounts of Canada, maintained by the Receiver General; and
- the detailed records, maintained by departments and agencies.

Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the *Public Accounts of Canada*

The *Public Accounts of Canada* is produced in three volumes.

Volume I presents the audited financial statements of the Government, as well as additional financial information and analyses;

Volume II presents the financial operations of the Government, segregated by ministry; and

Volume III presents supplementary information and analyses.

SECTION 1

2008-2009

PUBLIC ACCOUNTS OF CANADA

Financial Statements Discussion and Analysis

CONTENTS

	Page
Financial statements discussion and analysis	1.2
Introduction	1.2
2008-2009 financial highlights	1.2
Discussion and analysis	1.3
Economic highlights	1.3
The budgetary balance	1.4
Revenues	1.5
Expenses	1.7
Accumulated deficit	1.9
Risks and uncertainties	1.14
Ten year comparative financial information	1.15
Detailed statement of operations and accumulated deficit	1.15
Detailed statement of financial position	1.16
Statement of change in net debt	1.17
Statement of cash flow	1.18
Detailed statement of non-budgetary transactions and of non-financial assets	1.19
Detailed statement of foreign exchange, unmatured debt and cash transactions	1.20
Glossary of terms	1.21

NOTE TO READER

An overview of the financial operations of the Government of Canada is provided in the ***Annual Financial Report*** prepared by the Department of Finance. This Report also includes condensed financial statements.

Accompanying this Report are historical fiscal reference tables and related fiscal indicators for the federal government and the provinces.

The ***Annual Financial Report*** is available on the Internet at http://www.fin.gc.ca/.

FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS

Introduction

The *Public Accounts of Canada* is a major accountability report of the Government of Canada. This section, together with the other sections in this volume and in Volumes II and III of the *Public Accounts of Canada*, provides detailed supplementary information in respect of matters reported in the audited financial statements in Section 2 of this volume. Further discussion and analysis of the Government's financial results can be found in the *Annual Financial Report of the Government of Canada – Fiscal Year 2008-2009*, available on the Department of Finance's website.

This discussion and analysis of the financial statements has been prepared under the joint direction of the Minister of Finance, the President of the Treasury Board and the Receiver General for Canada. Responsibility for the integrity and objectivity of the financial statements rests with the Government. A glossary of terms used in this financial statement discussion and analysis is provided at the end of this section.

2008-2009 Financial Highlights

- The Government posted a budgetary deficit of $5.8 billion in 2008-2009, a $15.4-billion deterioration compared to the $9.6-billion budgetary surplus recorded in 2007-2008.
- Real gross domestic product (GDP) fell 3.7 percent on an annualized basis in the fourth quarter of 2008 – officially marking the beginning of the recession in Canada. The weaker economy has resulted in more support being provided through higher Employment Insurance (EI) benefits, as well as lower tax collections. In addition, as part of the Government's response to the weaker economy, significant additional support has been provided in the form of personal income tax reductions announced as part of Canada's Economic Action Plan.
- As these developments occurred towards the end of the fiscal year, they have had only a partial impact on the 2008-2009 financial results.
- The deficit was $1.8 billion greater than estimated in the June 2009 Report to Canadians on Canada's Economic Action Plan. Revenues were $0.2 billion lower than forecast, while program expenses were $1.5 billion higher than forecast, due largely to higher-than-expected bad debt expense. Public debt charges were $25 million higher than estimated.
- The budgetary balance was $8.1 billion lower than projected in the February 2008 budget. Revenues were $8.8 billion, or 3.6 percent, lower than forecast, reflecting the impact of the weaker economy and tax reductions. Program expenses were $0.2 billion lower than planned. Within program expenses, transfer payments, notably EI benefit payments, were higher than expected, while operating expenses of government departments and agencies were lower than expected. Public debt charges were $0.5 billion lower than projected due to lower-than-anticipated interest rates.
- The accumulated deficit (the difference between total liabilities and total assets) stood at $463.7 billion as of March 31, 2009, down $99.2 billion from its peak of $562.9 billion as of March 31, 1997. The accumulated deficit-to-GDP ratio was 29.0 percent, down 0.9 percentage points from a year earlier and down 39.4 percentage points from its peak of 68.4 percent as of March 31, 1996.
- Net debt, a subcomponent of the accumulated deficit representing the difference between total liabilities and financial assets, stood at $525.2 billion as of March 31, 2009, down $83.8 billion from its peak of $609.0 billion as of March 31, 1997.
- Revenues totalled $233.1 billion in 2008-2009, a decrease of $9.3 billion or 3.8 percent from the prior year. The year-over-year decrease was largely attributable to an $11.2-billion decline in corporate income tax revenues, reflecting both weaker profits and the impact of ongoing tax reductions. As well, Goods and Services Tax (GST) revenues declined $4.2 billion, reflecting the 1-percentage-point reduction in the GST rate effective January 1, 2008. These decreases were partially offset by growth in personal income tax, non-resident income tax and other revenues. Revenues as a share of GDP fell to14.6 percent, down from 15.8 percent a year earlier.
- Program expenses amounted to $207.9 billion in 2008-2009, an increase of $8.4 billion or 4.2 percent from 2007-2008. Transfer payments increased by $7.0 billion, due largely to growth in elderly benefits, EI benefits and other subsidies and transfers. Other program expenses grew by $1.4 billion, or 2.0 percent. The program expenses-to-GDP ratio remained unchanged from the prior year at 13.0 percent.
- Public debt charges totalled $31.0 billion in 2008-2009. This was down $2.3 billion, or 7.0 percent, from the prior year, as an increase in the stock of interest-bearing debt was more than offset by a decrease in the average effective interest rate on that stock. As a percentage of total revenues, public debt charges stood at 13.3 percent in 2008-2009, down 0.4 percentage points from 2007-2008 and down 24.3 percentage points from the peak of 37.6 percent in 1990-1991.

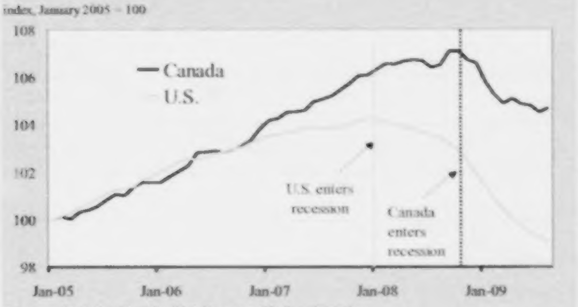
Discussion and Analysis

Economic Highlights

The global financial crisis has resulted in the deepest and most widespread global recession since World War II. The global economic situation deteriorated significantly throughout 2008 and early 2009 with serious disruptions to global credit markets resulting in tight credit conditions in terms of the cost and availability of credit. Deteriorating global economic conditions were accompanied by sharp declines in the prices of commodities.

As an open economy, Canada has been significantly affected by these global developments. Canadian economic growth began to slow in 2008 and by the fourth quarter, the Canadian economy entered a recession. Real GDP declined by 3.7 percent on an annualized basis in the fourth quarter of 2008, followed by a contraction of 6.1 percent on an annualized basis in the first quarter of 2009.

Although Canada is clearly being affected by the global financial crisis, the Canadian economy has fared better than other major industrialized countries. Canada was the last Group of Seven (G7) country to enter recession in 2008 and has experienced one of the smallest declines in output among major industrialized economies. Moreover, the Canadian labour market has fared much better than that of the U.S., which has lost 5.2 million jobs – a decline of 3.7 percent – from the start of the U.S. recession in January 2008 to the end of March 2009.



Total Employment

Sources: Statistics Canada; U.S. Bureau of Labor Statistics.

Canada's relatively strong performance is due to a stable housing market and a financial system considered amongst the strongest in the world. As a result, while Canadian exports and production have been affected by developments abroad, the impact of the global recession on the domestic economy has been far less severe than in other countries.

Canada entered the recession in the strongest fiscal position of any G7 country. In 2007, at the onset of the global financial crisis, Canada had the lowest debt-to-GDP ratio of all G7 countries. Canada's strong fiscal position has also led to significant reductions in net foreign debt, which has lowered our exposure to global financial shocks.

Canada's Economic Action Plan

Canada's relative economic and fiscal strength has allowed the Government to put in place one of the most comprehensive stimulus packages in the world. Canada's Economic Action Plan, introduced in January 2009, is a vast set of initiatives aimed at providing a needed boost to the economy and represents an investment in our future. The Economic Action Plan:

- Reduces taxes permanently.
- Helps the unemployed through enhanced EI benefits and training programs.
- Avoids layoffs by enhancing the EI work-sharing program.
- Creates jobs through a massive injection of infrastructure spending.
- Helps create the economy of tomorrow by improving infrastructure at colleges and universities and supporting research and technology.
- Supports industries and communities most affected by the global downturn.
- Improves access to and the affordability of financing for Canadian households and businesses.

The impact of this plan on the financial position of the Government will largely be felt in the 2009-2010 and 2010-2011 fiscal years. A relatively small share of the plan has affected the 2008-2009 results, such as over $1 billion in personal income tax relief and over $0.1 billion in enhanced Employment Insurance benefits.

Canada's Economic Action Plan

	2009-2010	2010-2011	Total
	(in millions of dollars – cash basis)		
Reducing the tax burden for Canadians	3,020	3,180	6,200
Helping the unemployed	2,708	3,546	6,254
Building infrastructure to create new jobs	9,803	6,649	16,452
Creating the economy of tomorrow	2,371	1,664	4,035
Supporting industries and communities, including international partnerships to support the automotive industry	11,493	2,178	13,671
Total federal stimulus measures	**29,395**	**17,217**	**46,612**

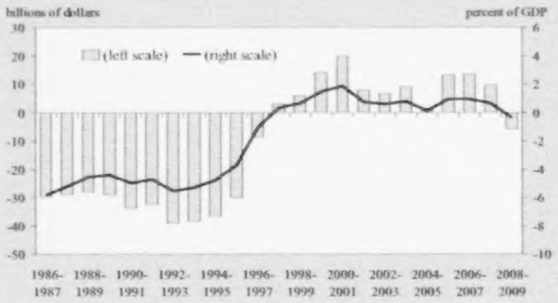
Further information on Canada's Economic Action Plan can be found in Budget 2009, available on the Department of Finance's website. Canadians can follow progress on implementation of the plan on the Government's website for the Economic Action Plan at www.actionplan.gc.ca

The Budgetary Balance

Reflecting the impact of the global economic recession and the stimulus measures introduced to help mitigate its impacts, the federal budgetary balance was in deficit in 2008-2009.

The following graph illustrates the Government's budgetary balance since 1986-1987. To enhance the comparability of results over time and across jurisdictions, the budgetary balance and its components are often presented as a percentage of GDP.

Annual Surplus/Deficit



There was a budgetary deficit of $5.8 billion in 2008-2009. This represents a $15.4-billion deterioration compared to the $9.6-billion surplus posted in 2007-2008. Revenues were down $9.3 billion, or 3.8 percent, from the prior year. Corporate income tax revenues fell $11.2 billion, reflecting both weaker profits and the impact of ongoing tax reductions. GST revenues experienced a $4.2-billion decline over 2007-2008, reflecting the 1-percentage-point reduction in the GST rate effective January 1, 2008. These decreases were partially offset by a $3.0-billion increase in personal income tax revenues and a $2.3-billion increase in other revenues.

2008-2009 Financial Highlights

	2008-2009		2007-2008
	Budget	Actual	Actual
	(in billions of dollars)		
Statement of Operations			
Revenues	241.9	233.1	242.4
Expenses—			
Program expenses	-208.1	-207.9	-199.5
Public debt charges	-31.5	-31.0	-33.3
Total expenses	-239.6	-238.8	-232.8
Annual deficit (-) or surplus	***2.3***	***-5.8***	***9.6***
Statement of Financial Position [(1)]			
Liabilities—			
Interest-bearing debt	594.8	710.2	581.9
Other	108.7	114.0	110.5
Total liabilities	703.5	824.2	692.3
Financial assets	188.2	298.9	176.0
Net debt	***515.3***	***525.2***	***516.3***
Non-financial assets	60.5	61.5	58.6
Accumulated deficit	***454.8***	***463.7***	***457.6***

Note: Totals may not add due to rounding.

(1) The Budget 2008 forecast of assets and liabilities was based on estimated results for 2007-2008 as final results for 2007-2008 were not available at that time.

Program expenses increased by $8.4 billion in 2008-2009 due to both higher transfers and higher other program expenses. Major transfers to persons increased $3.4 billion over the prior year due mainly to an increase in EI benefits, reflecting higher unemployment and growth in the maximum weekly benefit. Old Age Security Benefits were also higher, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. Other transfer payments were up $3.2 billion, reflecting increases in payments related to international assistance, support for labour market training and higher transfers to Newfoundland and Labrador and Nova Scotia under the Atlantic Offshore Accords. Other program expenses increased $1.4 billion in 2008-2009, largely reflecting the impact of previous budget measures, such as the Canada First Defence Strategy, as well as increases in the cost of ongoing operations. Public debt charges decreased $2.3 billion, as an increase in the stock of market debt was more than offset by a decline in the average effective interest rate on that stock.

The 2008-2009 budgetary balance was $8.1 billion lower than the $2.3-billion surplus forecast in the February 2008 budget. Revenues were $8.8 billion, or 3.6 percent, lower than projected. In particular, income tax revenues were $9.5 billion lower than projected. At the time of the 2008 budget, private sector forecasts, which form the basis for the budgetary projections, were expecting ongoing economic growth. Program expenses were $0.2 billion lower than planned in the 2008 budget, as higher-than-expected transfer payments were more than offset by lower-than-expected operating expenses. Public debt charges were $0.5 billion lower than projected due to lower-than-expected effective interest rates.

Comparison of Outcomes to June 2009 Report on Canada's Economic Action Plan

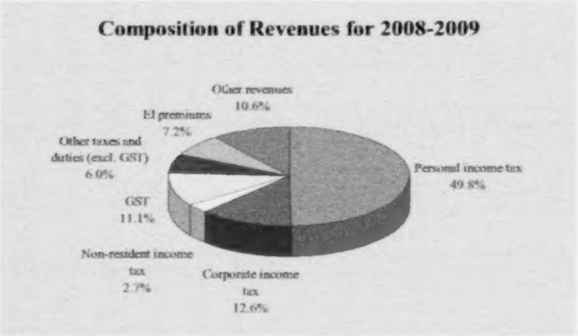
	Projection	Actual	Difference
	(in billions of dollars)		
Revenues	233.3	233.1	-0.2
Expenses—			
Program expenses	-206.3	-207.9	-1.5
Public debt charges	-31.0	-31.0	0.0
Total expenses	-237.3	-238.8	-1.6
Annual deficit	***-3.9***	***-5.8***	***-1.8***

Note: Totals may not add due to rounding.

The 2008-2009 deficit was $1.8 billion higher than the $3.9-billion deficit forecast in the June 2009 Report to Canadians on Canada's Economic Action Plan. Revenues were $0.2 billion lower than expected, while public debt charges were $25 million higher than expected. Program expenses were $1.5 billion higher than estimated in the June 2009 Report, reflecting higher-than-anticipated bad debt expense related to income taxes receivable.

Revenues

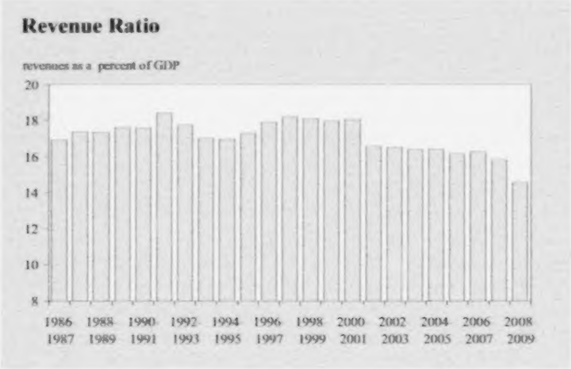
The largest source of federal revenues is personal income tax revenues, which accounted for 49.8 percent of total revenues in 2008-2009. The share of revenues accounted for by corporate income tax revenues declined to 12.6 percent in 2008-2009, after trending upwards since the early 1990s to a recent high of 16.8 percent in 2007-2008. EI premium revenues have declined significantly as a share of total revenues in recent years, from their peak of 15.6 percent in 1993-1994, to 7.2 percent in 2008-2009. This decline reflects annual reductions in EI premium rates. Other taxes and duties averaged about 20 percent of total revenues between 1990-1991 and 2005-2006 but began to decline as a share of total revenues in 2006-2007, due to the impact of two consecutive 1-percentage-point cuts to the GST rate effective July 1, 2006 and January 1, 2008. In 2008-2009, other taxes and duties made up 17.1 percent of total revenues. Other revenues were 10.6 percent of total revenues in 2008-2009, their highest share since 1992-1993. The increasing share of other revenues was partly due to an increase in revenues related to the Extraordinary Financing Framework and partly due to the sharp decline in corporate income tax revenues.



Composition of Revenues for 2008-2009

The revenue ratio—revenues as a percentage of GDP—compares the total of all federal revenues to the size of the economy. This ratio is significantly influenced by economic developments and, absent policy changes, tends to decline during economic downturns and to increase during recoveries, reflecting the progressive nature of the tax system and the cyclical nature of capital gains.

The ratio has been declining gradually since 2001-2002, and is down significantly from an average of 18 percent over the period 1996-1997 to 2000-2001. This decline is due primarily to tax reduction measures. The ratio stood at 14.6 percent of GDP in 2008-2009, down 1.2 percentage points from 2007-2008, reflecting a weaker economy and the impact of tax relief measures announced in the 2009 and previous budgets.



Revenue Ratio

Revenues Compared to 2007-2008

The following table compares the actual results for revenues for 2008-2009 to 2007-2008.

Revenues

			Change	
	2008-09	2007-08	Absolute	Percent
	(in millions of dollars)			%
Income tax revenues—				
Personal	116,024	113,063	2,961	2.6
Corporate	29,476	40,628	-11,152	-27.4
Non-resident	6,298	5,693	605	10.6
Total	151,798	159,384	-7,586	-4.8
Other taxes and duties—				
Goods and services tax	25,740	29,920	-4,180	-14.0
Energy taxes	5,161	5,139	22	0.4
Customs import duties	4,036	3,903	133	3.4
Other excise taxes and duties	4,869	5,245	-376	-7.2
Total	39,806	44,207	-4,401	-10.0
Employment insurance premiums	16,887	16,558	329	2.0
Other revenues—				
Crown corporation revenues	7,760	6,504	1,256	19.3
Other program revenues	15,105	13,895	1,210	8.7
Foreign exchange net revenues	1,736	1,872	-136	-7.3
Total	24,601	22,271	2,330	10.5
Total revenues	**233,092**	**242,420**	**-9,328**	**-3.8**

Total revenues declined $9.3 billion in 2008-2009, due primarily to lower corporate income tax revenues and GST revenues, partially offset by higher personal income tax, non-resident income tax and other revenues.

Personal income tax revenues, the largest component of revenues, were up $3.0 billion or 2.6 percent. This increase primarily reflected a refinement of the tax accrual estimation methodology to address an understatement of personal income tax revenues dating from the adoption of full accrual accounting in 2002-2003. This refinement had a one-time impact of raising personal income tax revenues by about $2.9 billion. The increase in personal income tax revenues due to growth in wages and salaries was largely offset by personal income tax reductions announced in the 2009 budget. Corporate income tax revenues were down $11.2 billion, or 27.4 percent, from 2007-2008, reflecting the impact of global financial turmoil on corporate income tax liabilities and significant tax reductions taking effect in 2008, notably the elimination of the surtax and reductions in the general tax rate and the small business tax rate. Non-resident income tax revenues were up $0.6 billion, or 10.6 percent, in 2008-2009, reflecting growth in interest and dividend payments to non-residents.

Other taxes and duties decreased $4.4 billion, or 10.0 percent, from the prior year, driven by a $4.2-billion, or 14.0-percent, drop in GST revenues. This reflects the impact of the reduction in the GST rate from 6 percent to 5 percent effective January 1, 2008. Other excise taxes and duties decreased by $0.4 billion, or 7.2 percent, energy taxes increased by $22 million, or 0.4 percent, and customs import duties rose $0.1 billion, or 3.4 percent.

EI premium revenues increased by $0.3 billion, or 2.0 percent, from the previous year, reflecting growth in wages and salaries during the year, which was partially offset by the reduction in premium rates on January 1, 2008.

Other revenues rose by $2.3 billion, or 10.5 percent, in 2008-2009. This increase was driven by growth in both Crown corporation revenues, which rose $1.3 billion or 19.3 percent, and growth in other program revenues, which increased $1.2 billion or 8.7 percent. The growth in Crown corporation revenues was largely a result of the ongoing implementation of the Extraordinary Financing Framework, and in particular, the Insured Mortgage Purchase Program (IMPP) administered by Canada Mortgage and Housing Corporation (CMHC). Revenue due to the IMPP stemmed from two sources. The first was an increase in interest paid by CMHC to the Government on new loans provided to the corporation under the consolidated borrowing framework, reflecting the corporation's increased financing requirements for the purchase of mortgage-backed securities. The second source related to unrealized gains on the year-end revaluation of the securities purchased, reflecting an increase in their market value.

The increase in other program revenues reflected strong foreign exchange gains recorded on foreign currency loans in support of development and trade. In addition, other program revenues were boosted by strong growth in receipts under the Atlantic Offshore Revenue Accounts, resulting from strong growth in oil prices. This revenue is transferred to Newfoundland and Labrador and Nova Scotia under the Atlantic Offshore Accords, such that there is no net impact on the budgetary balance. As well, other revenues reflected the inclusion of criminal fines and settlement amounts under the comprehensive settlement agreements with tobacco companies announced on July 31, 2008. These increases were partially offset by a decrease in net interest and penalties.

Revenues Compared to February 2008 Budget Plan

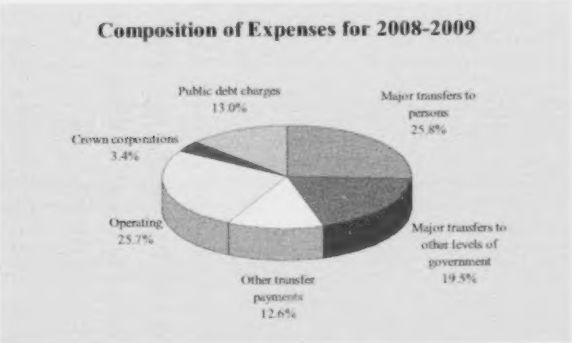
For the 2008-2009 fiscal year, revenues were $8.8 billion, or 3.6 percent, lower than forecast in the February 2008 budget, reflecting lower-than-projected tax revenues, partially offset by higher-than-projected other revenues. The weakness in tax revenues reflects the significantly weaker-than-expected economy, as private sector forecasters were not predicting a recession at the time of the 2008 budget. In addition, personal income tax revenues were lowered by $1.3 billion due to tax reduction measures announced in the November 2008 Economic and Fiscal Statement and the January 2009 budget. Other revenues were $2.3 billion higher than projected, reflecting higher-than-projected receipts under the Atlantic Offshore Revenue Accounts, foreign exchange gains on foreign currency loans, revenue resulting from the implementation of the Insured Mortgage Purchase Program, and revenues consistent with the comprehensive settlement agreement with tobacco companies announced on July 31, 2008, which was not foreseen at the time of the 2008 budget. These factors were partially offset by lower-than-projected net revenues from interest and penalties.

Revenues Compared to February 2008 Budget Plan

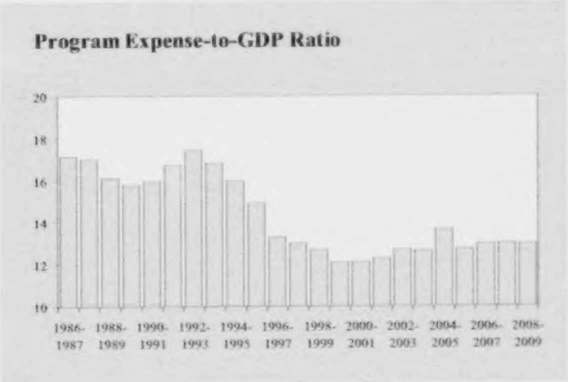
	Budget	Actual	Difference
	(in millions of dollars)		
Income tax revenues—			
Personal	118,595	116,024	-2,571
Corporate	36,830	29,476	-7,354
Non-resident	5,890	6,298	408
Total	161,315	151,798	-9,517
Other taxes and duties—			
Goods and services tax	27,565	25,740	-1,825
Energy taxes	5,250	5,161	-89
Customs import duties	4,190	4,036	-154
Other excise taxes and duties	4,795	4,869	74
Total	41,800	39,806	-1,994
Employment insurance premiums	16,530	16,887	357
Other revenues—			
Crown corporation revenues	7,340	7,760	420
Other program revenues	13,410	15,105	1,695
Foreign exchange net revenues	1,515	1,736	221
Total	22,265	24,601	2,336
Total revenues	**241,910**	**233,092**	**-8,818**

Expenses

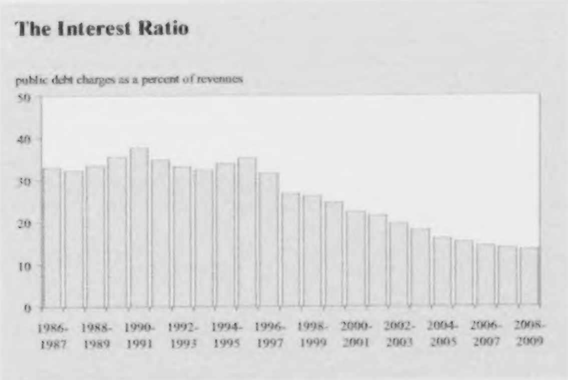
Major transfers to persons, consisting of elderly benefits, EI benefits, the Canada Child Tax Benefit and the Universal Child Care Benefit, represented the largest major component of total federal expenses in 2008-2009, at 25.8 percent. This was followed closely by the operating expenses of ministries, including National Defence, at 25.7 percent. Major transfers to other levels of government (Canada Health Transfer and Canada Social Transfer, fiscal arrangements and other transfers, transfers to provinces on behalf of Canada's cities and communities, and Alternative Payments for Standing Programs) made up 19.5 percent of expenses in 2008-2009. Public debt charges made up 13.0 percent of expenses in 2008-2009, down from 14.3 percent in 2007-2008. There has been a dramatic shift in the composition of total expenses since the early 1990s. Public debt charges was the largest component for most of the 1990s, given the large and increasing stock of interest-bearing debt and high average effective interest rates on that stock. With reductions in the stock of interest-bearing debt and a decline in interest rates over the 1997-1998 to 2007-2008 period, its share fell over 15 percentage points from a high of nearly 30 percent of total expenses in 1996-1997. The share fell a further 1.3 percentage points in 2008-2009 due to declines in interest rates.


Composition of Expenses for 2008-2009

Program expenses as a share of GDP stood at 13.0 percent in 2008-2009, unchanged since 2006-2007.


Program Expense-to-GDP Ratio

The interest ratio (public debt charges as a percentage of revenues) has been decreasing in recent years, falling from 37.6 percent in 1990-1991 to 13.3 percent in 2008-2009. This ratio means that, in 2008-2009, the Government spent just over 13 cents of every revenue dollar on interest on the public debt. This is money that is required to meet the Government's ongoing debt-financing obligations. The lower the ratio, the more flexibility the Government has to address the key priorities of Canadians. As well as lowering interest charges—which has freed up resources for more productive uses—past reductions in the public debt have given the Government flexibility to deal with the current economic slowdown and difficult credit market situation.


The Interest Ratio

Expenses Compared to 2007-2008

The following table compares the actual results for expenses for 2008-2009 to 2007-2008.

Expenses

			Change	
	2008-09	2007-08	Absolute	Percent
	(in millions of dollars)			%
Transfer payments—				
Major transfers to persons—				
Elderly benefits	33,377	31,955	1,422	4.5
Employment insurance benefits	16,308	14,298	2,010	14.1
Children's benefits	11,901	11,894	7	0.1
Total	61,586	58,147	3,439	5.9
Major transfers to other levels of government—				
Federal transfer support for health and other social programs	33,327	31,346	1,981	6.3
Fiscal arrangements and other transfers	16,162	17,526	-1,364	-7.8
Alternative payments for standing programs	-2,974	-2,720	-254	9.3
Total	46,515	46,152	363	0.8
Other transfer payments	30,192	27,032	3,160	11.7
Total transfer payments	138,293	131,331	6,962	5.3
Other program expenses—				
Crown corporations expenses	8,066	7,340	726	9.9
Ministry expenses	61,498	60,827	671	1.1
Total other program expenses	69,564	68,167	1,397	2.0
Program expenses	**207,857**	**199,498**	**8,359**	**4.2**
Public debt charges	30,990	33,325	-2,335	-7.0
Total expenses	**238,847**	**232,823**	**6,024**	**2.6**

Total expenses amounted to $238.8 billion in 2008-2009, up $6.0 billion, or 2.6 percent, from 2007-2008. Program expenses increased by $8.4 billion, while public debt charges were $2.3 billion lower, as an increase in the stock of interest-bearing debt, in particular unmatured debt, was more than offset by a significant decrease in average effective interest rates.

Major transfers to persons increased by $3.4 billion, largely attributable to higher elderly benefits and EI benefits. The $1.4-billion increase in the former reflects growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. The $2.0-billion increase in EI benefits reflects higher unemployment, as well as the growth in the maximum weekly benefit, which is indexed to the growth in the average industrial wage. Children's benefits, which consist of the Canada Child Tax Benefit and the Universal Child Care Benefit, increased $7 million.

Major transfers to other levels of government increased by $0.4 billion over the previous year, largely reflecting legislated growth in Equalization, the Canada Health Transfer and the Canada Social Transfer. Alternative Payments for Standing Programs, which are netted against major transfers to other levels of government, increased by $0.3 billion in 2008-2009, resulting in a corresponding decrease in transfer payments. Alternative Payments for Standing Programs are a recovery from the Province of Quebec for an additional tax point transfer (13.5 points) above and beyond the Canada Health Transfer and Canada Social Transfer tax point transfer. The $0.3-billion increase in this recovery was due to an increase in the value of personal income tax points in 2008-2009 compared with 2007-2008.

Other transfer payments, which include transfers to First Nations and Aboriginal peoples, assistance to farmers and students, support for research and development and foreign aid and international assistance, increased by $3.2 billion, or 11.7 percent, over the prior year. This growth mainly reflects increases in payments related to international assistance, support for labour market training announced in the February 2007 budget, and higher transfers to Newfoundland and Labrador and Nova Scotia under the Atlantic Offshore Accords resulting from growth in oil prices.

Other program expenses increased from $68.2 billion in 2007-2008 to $69.6 billion in 2008-2009, up $1.4 billion or 2.0 percent. This spending component consists of operating expenses of Crown corporations, departments and agencies, including National Defence, as well as expenses related to the ongoing assessment of the Government's liabilities. The $1.4-billion increase reflects the impact of previous budget measures, such as the Canada First Defence Strategy, as well as growth in the cost of ongoing operations.

Expenses Compared to February 2008 Budget Plan

For 2008-2009, total expenses were $0.8 billion lower than projected in the February 2008 budget, with program expenses $0.2 billion lower than forecast and public debt charges $0.5 billion lower than forecast. The lower-than-forecast public debt charges were attributable to an unanticipated decline in interest rates, which more than offset the larger-than-expected increase in interest-bearing debt.

Within program expenses, transfer payments were $2.0 billion higher than projected, reflecting larger-than-anticipated increases in all major categories of transfers. Major transfers to persons were $1.1 billion higher than expected, due primarily to higher-than-expected EI benefit payments, as the number of unemployed was higher than projected. Major transfers to other levels of government were $0.3 billion higher-than-forecast due largely to lower than expected recoveries under Alternative Payments for Standing Programs.

Other transfer payments were $0.6 billion higher than forecast in the 2008 budget, reflecting higher-than-projected transfers to Newfoundland and Labrador and Nova Scotia under the Atlantic Offshore Accords. Amounts received by Canada in relation to offshore activities, and recorded in revenues, are transferred to the provinces, such that there is no impact on the budgetary balance. Operating expenses of Crown corporations, departments and agencies were $2.3 billion, or 3.2 percent, lower than forecast, in part reflecting a higher-than-expected lapse in departmental spending.

Expenses Compared to February 2008 Budget Plan

	Budget	Actual	Difference
	(in millions of dollars)		
Transfer payments—			
Major transfers to persons—			
Elderly benefits	33,265	33,377	112
Employment insurance benefits	15,295	16,308	1,013
Children's benefits	11,905	11,901	-4
Total	60,465	61,586	1,121
Major transfers to other levels of government—			
Federal transfer support for health and other social programs	33,185	33,327	142
Fiscal arrangements and other transfers	16,250	16,162	-88
Alternative payments for standing programs	-3,255	-2,974	281
Total	46,180	46,515	335
Other transfer payments	29,617	30,192	575
Total transfer payments	136,262	138,293	2,031
Other program expenses—			
Crown corporations expenses	7,353	8,066	713
Ministry expenses	64,480	61,498	-2,982
Total other program expenses	71,833	69,564	-2,269
Program expenses	**208,095**	**207,857**	**-238**
Public debt charges	31,509	30,990	-519
Total expenses	**239,604**	**238,847**	**-757**

Accumulated Deficit

The accumulated deficit is the difference between the Government's total liabilities and its assets. The annual change in the accumulated deficit represents the annual budgetary balance plus any gains or losses recognized in other comprehensive income. Other comprehensive income represents certain unrealized gains and losses on financial instruments reported by enterprise Crown corporations and other government business enterprises. In accordance with recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, other comprehensive income is not included in the Government's annual budgetary balance, but is instead recorded directly to the Government's Statement of Accumulated Deficit and Statement of Change in Net Debt.

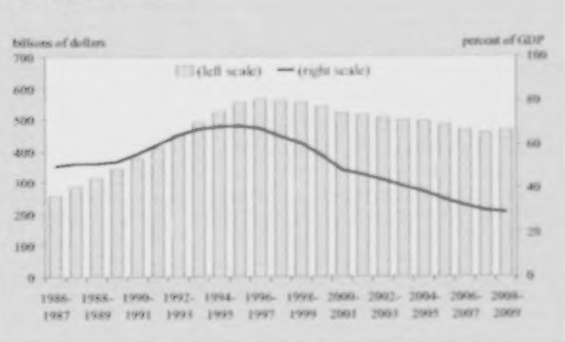
Accumulated Deficit

	2008-2009	2007-2008	Difference
	(in millions of dollars)		
Accumulated deficit, beginning of year	**457,637**	**467,268**	**-9,631**
Annual deficit (-) or surplus	-5,755	9,597	-15,352
Other comprehensive loss (-) or income	-318	34	-352
Accumulated deficit, end of year	**463,710**	**457,637**	**6,073**

Given the budgetary surpluses recorded from 1997-1998 to 2007-2008, the accumulated deficit declined by $105.2 billion over this period. The accumulated deficit increased by $6.1 billion in 2008-2009 due to the $5.8-billion budgetary deficit and $0.3-billion other comprehensive loss. The $0.3-billion other comprehensive loss reflects a $0.6-billion decline in the market value of enterprise Crown corporations' and other government business enterprises' holdings of financial assets classified as available for sale, partially offset by a $0.3-billion increase in the fair value of derivative financial instruments used in hedging activities.

As a percentage of GDP, the accumulated deficit has fallen from a post-World War II peak of 68.4 percent at March 31, 1996 to 29.0 percent at March 31, 2009.

Accumulated Deficit



Total liabilities include interest-bearing debt and accounts payable and accrued liabilities. Assets include both financial and non-financial assets, the latter consisting primarily of capital assets. The following sections provide more detail on each of these components.

Statement of Financial Position

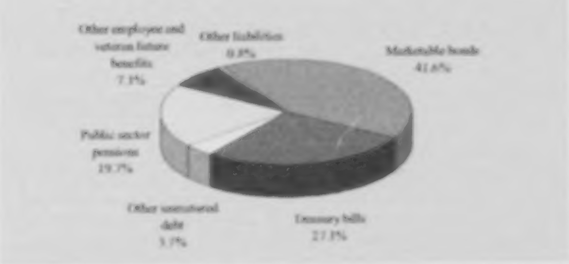
	2008-2009	2007-2008	Difference
	(in millions of dollars)		
Liabilities			
Accounts payable and accrued liabilities	113,999	110,463	3,536
Interest-bearing debt—			
Unmatured debt	514,020	390,697	123,323
Pension and other liabilities	196,143	191,167	4,976
Total	710,163	581,864	128,299
Total liabilities	824,162	692,327	131,835
Financial assets			
Cash and accounts receivable	122,147	82,878	39,269
Foreign exchange accounts	51,709	42,299	9,410
Loans, investments and advances [1]	125,093	50,869	74,224
Total financial assets	298,949	176,046	122,903
Net debt	***525,213***	***516,281***	***8,932***
Non-financial assets	**61,503**	**58,644**	**2,859**
Accumulated deficit	***463,710***	***457,637***	***6,073***

[1] Includes a $318 million other comprehensive loss ($34 million of income in 2007-2008) reported by enterprise Crown corporations and other government business enterprises.

Interest-Bearing Debt

Interest-bearing debt includes unmatured debt, or debt issued on the credit markets, and liabilities for pensions and other accounts. The latter primarily includes obligations for federal employee pension and other benefit plans. Unmatured debt, which includes fixed-coupon marketable bonds, Real Return Bonds, treasury bills, retail debt (Canada Savings Bonds and Canada Premium Bonds), foreign-currency-denominated debt, as well as bonds issued to the Canada Pension Plan and obligations related to capital leases, amounted to 72 percent of interest-bearing debt in 2008-2009. Obligations to federal public service pension plans accounted for an additional 20 percent of interest-bearing debt and other employee and veteran future benefits and other liabilities accounted for the remaining 8 percent. The share of unmatured debt had been declining since the mid-1990s, as the Government was able to retire some of this debt. This trend reversed in 2008-2009 due to the surge in financial requirements stemming from the Government's actions to strengthen the position of Canada's financial system, as well as an increase in borrowings under the consolidated borrowing framework, as described below.

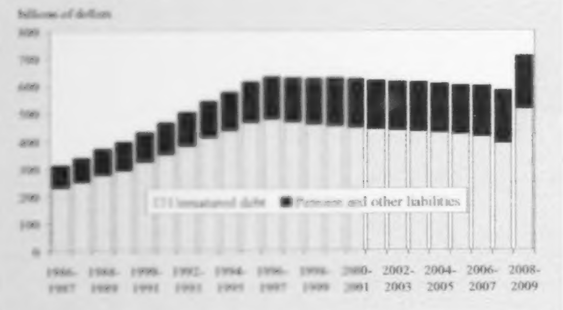
Interest-Bearing Debt by Category for 2008-2009



At March 31, 2009, interest-bearing debt totalled $710.2 billion, up $128.3 billion from March 31, 2008. The increase was primarily due to an increase in unmatured debt, largely reflecting CMHC financing requirements for the purchase of insured mortgage pools under the IMPP to support the availability of longer-term credit. Borrowings undertaken by the Government to fund the IMPP operations do not increase the accumulated deficit, as they are offset by interest-bearing financial assets. Borrowings were further increased in 2008-2009 to raise cash balances on deposit with the Bank of Canada to support the Bank's operations to provide liquidity to financial markets. The increase in unmatured debt also reflects the Budget 2007 announcement that the Government would meet all of the borrowing needs of CMHC, the Business Development Bank of Canada and Farm Credit Canada through direct lending, starting in 2008, in order to reduce overall borrowing costs and improve the liquidity of the government securities market.

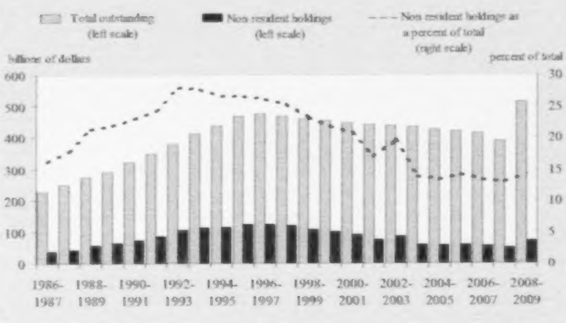
The Bank of Canada and the Department of Finance manage the Government's debt and associated risks. The fundamental objective of the debt management strategy is to provide stable, low-cost funding to meet the Government's financial obligations and liquidity needs. Details on the Government's debt management objectives and principles are tabled annually in Parliament through the Department of Finance's *Debt Management Strategy*. Further details on the pension plans are contained in Section 6 of this volume.

Interest-Bearing Debt



Foreign holdings of the Government's unmatured debt were estimated at $72.6 billion at the end of March 2009. This represents 14.1 percent of the Government's total unmatured debt, roughly half of what it was in the mid-1990s.

Foreign Holdings of Government of Canada Unmatured Debt

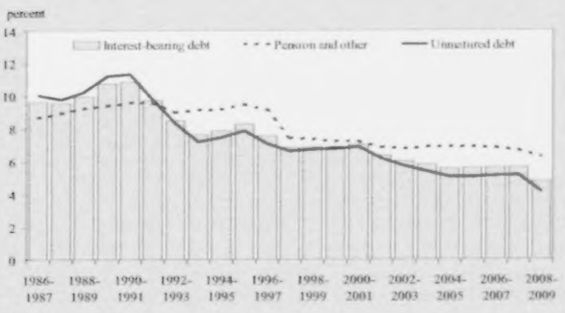


The average effective interest rate on the Government's interest-bearing debt in 2008-2009 was 4.8 percent, down significantly from 5.6 percent in 2007-2008. The average effective interest rate on unmatured debt in 2008-2009 was 4.1 percent, down 1.0 percentage point from 2007-2008. The average effective interest rate on pension and other accounts was 6.4 percent, down from 6.7 percent a year earlier. The average effective interest rate was higher on pension and other accounts than on unmatured debt because the unfunded pension liability is primarily credited with interest at rates that are calculated as though the amounts in the plans were invested in a notional portfolio of Government of Canada 20-year bonds held to maturity, whereas unmatured debt includes both short- and long-term securities. In general, borrowing through long-term debt reduces volatility, but is more costly than borrowing through short-term debt.

The debt structure of interest-bearing debt is usually described in terms of its fixed-rate share (that is the proportion of all interest-bearing debt that does not mature or need to be repriced within one year relative to the total amount of Government of Canada interest-bearing debt). It is calculated on a net basis by excluding components of the debt that are matched with financial assets of the same term, which therefore do not represent an exposure to interest rate risk. The federal liabilities netted out from the fixed-rate share calculation include liabilities funding the assets in the Exchange Fund Account; debt securities matched with corresponding loans to Crown corporations; Government of Canada debt securities held by the Bank of Canada; matched assets related to the IMPP; and the debt offset by Receiver General cash and deposit balances.

In 2008-2009, the fixed-rate share decreased slightly from 62.6 percent to 61.0 percent.

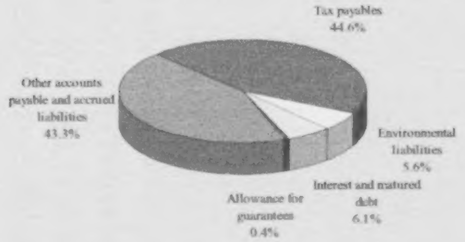
Average Effective Interest Rate on Interest-Bearing Debt



Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include the following:

Accounts Payable and Accrued Liabilities by Category for 2008-2009

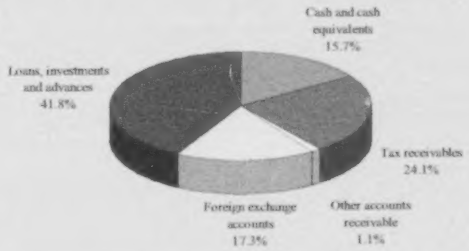


At March 31, 2009, accounts payable and accrued liabilities amounted to $114.0 billion, up $3.5 billion from March 31, 2008. The increase is largely attributable to a $1.8-billion increase in tax payables and a $2.4-billion increase in other accounts payable and accrued liabilities. The growth in other accounts payable and accrued liabilities is primarily due to growth in deferred revenues, reflecting $4.3 billion in proceeds received during 2008-2009 from the auction of licences for advanced wireless services and other spectrum. This amount will be recognized in the Government's revenues on a straight-line basis over the ten-year term of the licences. This increase was partially offset by a decrease in accounts payable, due in part to the payment of transfers announced in Budget 2008, recorded in 2007-2008, and paid in 2008-2009, including $500 million for the Public Transit Capital Trust 2008 and $400 million for the Police Officers Recruitment Fund.

Financial Assets

Financial assets include cash on deposit with the Bank of Canada, chartered banks and other financial institutions, accounts receivable, foreign exchange accounts, and loans, investments and advances. The Government's foreign exchange accounts include foreign currency deposits, investments in gold and subscriptions in the International Monetary Fund. Proceeds of the Government's foreign currency borrowings are held in the Exchange Fund Account to provide foreign currency liquidity and provide funds needed to promote orderly conditions for the Canadian dollar in the foreign exchange markets. Further details on the management of international reserves are available in the annual *Report on the Management of Canada's Official International Reserves*. The Government's loans, investments and advances include its investments and loans in enterprise Crown corporations, loans to national governments mainly for financial assistance and development of export trade, and loans under the Canada Student Loans Program.

Financial Assets by Category for 2008-2009



At March 31, 2009, financial assets amounted to $298.9 billion, up $122.9 billion from March 31, 2008, primarily due to a $33.3-billion increase in cash and cash equivalents, a $6.0-billion increase in tax receivables, a $9.4-billion increase in foreign exchange accounts, and a $73.9-billion increase in the Government's loans, investments and advances in enterprise Crown corporations and other government business enterprises. The increase in cash and cash equivalents over the prior year mainly reflects increased cash balances on deposit with the Bank of Canada to support the Bank's operations to provide liquidity to financial markets and to cover some of the Government's own funding needs for the IMPP. The $6.0-billion increase in tax receivables largely reflects the impact of a refinement to the personal income tax accrual methodology in 2008-2009 which raised accrued federal tax revenues and estimated amounts to be collected on behalf of provinces under tax collection agreements. The increase in foreign exchange accounts is largely attributable to an increase in the value of international reserves held in the Exchange Fund Account due to the depreciation of the Canadian dollar against the US dollar. The $73.9-billion increase in enterprise Crown corporations and other government business enterprises is mainly due to the issuance of loans to the Business Development Bank of Canada, CMHC and Farm Credit Canada under the consolidated borrowing framework announced in Budget 2007. In particular, loans to CMHC increased by $57.7 billion, reflecting funding provided to finance purchases of insured mortgage pools under the IMPP.

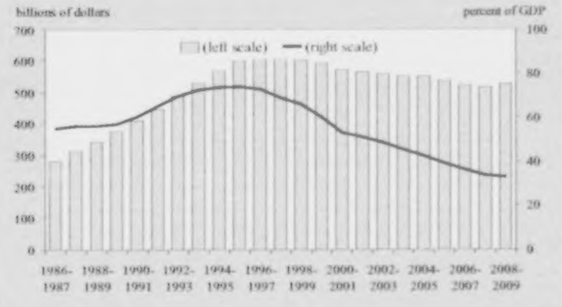
Since March 31, 1997, financial assets have increased by $198.5 billion due to higher levels of cash and cash equivalents and accounts receivable (up $69.4 billion), an increase in the foreign exchange accounts (up $24.9 billion) and an increase in loans, investments and advances (up $104.3 billion). For additional information on cash flow, see the section entitled "Cash Flow" below. The increase in cash and cash equivalents and accounts receivable is largely attributable to growth in tax receivables, broadly in line with the growth in the applicable tax bases, and a significant increase in cash holdings in 2008-2009 to support the Bank of Canada's operations and to cover the Government's own funding needs. The increase in foreign exchange accounts reflects a decision by the Government in the late 1990s to increase its liquidity in these accounts. The increase in loans, investments and advances is attributable to several factors including the accumulation of net profits from enterprise Crown corporations, the Government taking over the financing of the Canada Student Loans Program from the chartered banks in 2000, and more recently, the issuance of direct loans to Crown corporations under the Government's consolidated borrowing framework.

Net Debt

The Government's net debt – its total liabilities less financial assets – stood at $525.2 billion at March 31, 2009, down from a peak of $609.0 billion at March 31, 1997. As a share of GDP, net debt was 32.8 percent, down 0.9 percentage points from a year earlier, and down 41.0 percentage points from its peak of 73.9 percent at March 31, 1996. This is the 13th consecutive year in which this ratio has declined.

This ratio measures debt relative to the ability of the country's taxpayers to finance it. Total liabilities are reduced only by financial assets as non-financial assets cannot normally be converted to cash to pay off the debt without disrupting government operations.

Net Debt

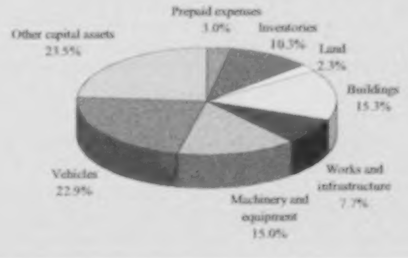


Net debt as at March 31, 2009 was $15,635 for each Canadian, up from $15,557 a year earlier.

Non-Financial Assets

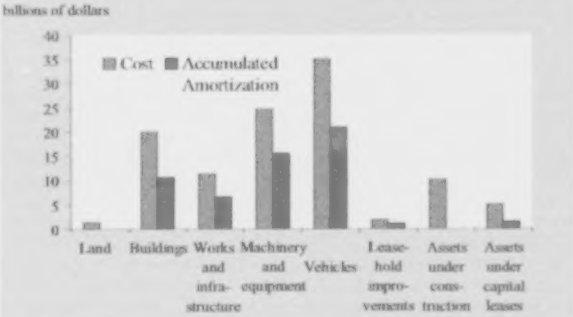
Non-financial assets include the net book value of the Government's tangible capital assets, which includes land, buildings, works and infrastructure such as roads and bridges, machinery and equipment, ships, aircraft and other vehicles. Non-financial assets also include inventories and prepaid expenses.

Non-Financial Assets by Category for 2008-2009



At March 31, 2009, non-financial assets stood at $61.5 billion, up $2.9 billion from a year earlier, primarily due to an increase in tangible capital assets. As at March 31, 2009, roughly 58 percent of the original cost of the Government's depreciable tangible capital assets had been amortized, compared to 56 percent a year earlier. Depreciable tangible capital assets exclude land, and assets under construction, which are not yet available for use.

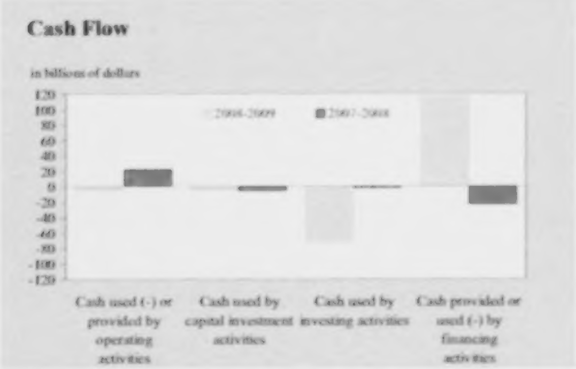
Tangible Capital Asset Cost and Accumulated Amortization



Cash Flow

The annual surplus or deficit is presented on an accrual basis of accounting, recognizing income in the period it is earned and liabilities when incurred, regardless of when the associated cash is received or paid. In contrast, the Government's net cash flow measures the difference between cash coming in to the Government and cash going out.

In 2008-2009, the Government had a total cash requirement of $83.5 billion before financing activities, compared to a total cash source of $14.6 billion in 2007-2008. After adjusting for non-cash revenues and expenses, operating activities resulted in a net cash requirement of $6.1 billion in 2008-2009, compared to a net cash inflow of $22.0 billion in 2007-2008, reflecting in part the deterioration in the budgetary balance. Cash used by capital investment activities increased slightly from $5.5 billion in 2007-2008 to $5.6 billion in 2008-2009. Cash requirements from the Government's other investing activities increased $69.9 billion in 2008-2009, up from a $1.9-billion requirement in 2007-2008. This year-over-year difference reflects the Budget 2007 announcement that the Government would meet all of the borrowing needs of certain Crown corporations through direct lending, and in particular financing requirements associated with $55.0 billion in initial purchases of insured mortgage pools through CMHC under the IMPP.


Cash Flow

The Government financed this financial requirement of $83.5 billion and increased its balance of cash and cash equivalents by $33.3 billion largely through the issuance of treasury bills and marketable bonds.

Risks and Uncertainties

As noted in the budget and related documents, the Government's revenues and expenses are highly sensitive to changes in economic conditions – particularly to changes in real economic growth, inflation and interest rates. Current risks come primarily from the uncertain global economic outlook as well as uncertainty as to how economic developments will translate into spending and tax revenues.

To illustrate the impact of changes in economic conditions, the Department of Finance publishes, on a regular basis, sensitivity impacts on the budgetary balance. These are "rules of thumb" as the actual impact will depend on many other factors as well. As published in Budget 2009, these show, for example, that:

- A 1-percentage-point decrease in real GDP growth would lower the budgetary balance by about $3.1 billion in the first year and $3.3 billion in the second year.
- A 1-percentage-point decrease in GDP inflation would lower the budgetary balance by about $1.3 billion in the first year and by $1.0 billion in the second.
- A sustained 100-basis-point increase in interest rates would lower the budgetary balance by $0.6 billion in the first year and $1.6 billion in the second.

Not only can economic growth differ from forecast on an aggregate basis, but the composition of the growth can be different than originally projected. Changes in economic conditions can also affect taxpayer behaviour. The applicable tax bases used for forecasting purposes are based on Statistics Canada's estimates of nominal GDP. These are subject to ongoing revisions. Furthermore, the concepts employed in the calculation of nominal GDP are not entirely consistent with the definition of income for taxation purposes.

Revenues and expenses may also be affected throughout the year by unforeseen developments, including natural disasters, labour disruptions, court decisions and other legal obligations, delays in parliamentary approvals, changes in accounting standards, and changes in environmental liabilities.

The forecasts of the budgetary balance and its components are updated in the fall Economic and Fiscal Update and again in the budget tabled in Parliament prior to, or in the early months of, the next fiscal year. The Government also provides quarterly updates of the outlook of the budgetary balance for the current year in the March and June *Fiscal Monitors*, published in May and August.

The Fiscal Monitor is a monthly publication of the Department of Finance that provides highlights of the federal government's fiscal performance, including monthly revenues, expenses, the budgetary balance and the financial source/requirement. The forecast updates are largely based on the monitoring of the monthly financial results as published in *The Fiscal Monitor*. In the case of the fall Economic and Fiscal Update, the update of the fiscal forecast incorporates the final audited fiscal results for the previous fiscal year, which are usually released in late September/early October. Results for the previous fiscal year can have a significant impact on the current year's estimates through adjustment to the average effective tax yield and assumptions regarding lapses in departmental appropriations.

TEN YEAR COMPARATIVE FINANCIAL INFORMATION

This part provides a ten year comparison of financial information based on the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume.

TABLE 1.1

GOVERNMENT OF CANADA
DETAILED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

(in millions of dollars)

	Year ended March 31									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES—										
TAX REVENUES—										
Income tax revenues—										
Personal	85,070	92,662	86,972	89,530	92,957	98,521	103,691	110,477	113,063	116,024
Corporate	22,115	28,293	24,242	22,222	27,431	29,956	31,724	37,745	40,628	29,476
Non-resident	2,646	2,982	2,925	3,291	3,142	3,560	4,529	4,877	5,693	6,298
	109,831	*123,937*	*114,139*	*115,043*	*123,530*	*132,037*	*139,944*	*153,099*	*159,384*	*151,798*
Other taxes and duties—										
Goods and services tax	23,121	24,759	25,292	28,248	28,286	29,758	33,020	31,296	29,920	25,740
Energy taxes	4,757	4,792	4,848	4,935	4,952	5,054	5,076	5,128	5,139	5,161
Customs import duties	2,105	2,784	3,040	3,278	2,887	3,091	3,330	3,704	3,903	4,036
Other excise taxes and duties	3,315	3,434	3,953	4,896	5,240	4,954	4,730	5,189	5,245	4,869
	33,298	*35,769*	*37,133*	*41,357*	*41,365*	*42,857*	*46,156*	*45,317*	*44,207*	*39,806*
Total tax revenues	***143,129***	***159,706***	***151,272***	***156,400***	***164,895***	***174,894***	***186,100***	***198,416***	***203,591***	***191,604***
EMPLOYMENT INSURANCE PREMIUMS	***18,628***	***18,655***	***17,637***	***17,870***	***17,546***	***17,307***	***16,535***	***16,789***	***16,558***	***16,887***
OTHER REVENUES—										
Crown corporation revenues	4,696	5,458	4,751	5,301	5,917	6,825	7,198	7,503	6,504	7,760
Other program revenues	7,870	7,851	7,817	7,620	8,142	11,742	10,356	11,544	13,895	15,105
Foreign exchange net revenues	2,085	2,679	2,453	3,379	2,090	1,175	2,014	1,714	1,872	1,736
Total other revenues	***14,651***	***15,988***	***15,021***	***16,300***	***16,149***	***19,742***	***19,568***	***20,761***	***22,271***	***24,601***
TOTAL REVENUES	**176,408**	**194,349**	**183,930**	**190,570**	**198,590**	**211,943**	**222,203**	**235,966**	**242,420**	**233,092**
EXPENSES—										
TRANSFER PAYMENTS—										
Old age security benefits, guaranteed income supplement and spouse's allowance	22,856	23,668	24,641	25,692	26,902	27,871	28,992	30,284	31,955	33,377
Other levels of government—										
Canada health and social transfer	14,891	13,500	17,300	21,100	22,341	28,031				
Canada health transfer							19,000	20,140	21,474	22,759
Canada social transfer							8,225	8,500	9,872	10,568
Fiscal arrangements	10,721	12,467	11,603	10,879	9,409	12,863	12,381	13,033	14,570	15,138
Canada Assistance Plan	56									
Alternative payments for standing programs	-2,425	-2,460	-2,662	-2,321	-2,700	-2,746	-2,731	-3,177	-2,720	-2,974
Other major transfers		1,217	375	987	342	3,807	3,940	4,018	2,956	1,024
	23,243	*24,724*	*26,616*	*30,645*	*29,392*	*41,955*	*40,815*	*42,514*	*46,152*	*46,515*
Employment insurance benefits	11,301	11,444	13,726	14,496	15,058	14,748	14,417	14,084	14,298	16,308
Children's benefits	6,000	6,783	7,471	7,823	8,062	8,688	9,200	11,214	11,894	11,901
Other transfer payments	17,212	21,575	17,546	20,673	22,945	25,453	24,893	26,844	27,032	30,192
Total transfer payments	***80,612***	***88,194***	***90,000***	***99,329***	***102,359***	***118,715***	***118,317***	***124,940***	***131,331***	***138,293***
OTHER PROGRAM EXPENSES—										
Crown corporation expenses	5,246	5,402	6,085	6,551	6,566	8,907	7,195	7,211	7,340	8,066
Ministry expenses	32,908	36,970	40,146	40,799	44,751	48,740	49,701	56,118	60,827	61,498
Total other program expenses	***38,154***	***42,372***	***46,231***	***47,350***	***51,317***	***57,647***	***56,896***	***63,329***	***68,167***	***69,564***
Total program expenses	***118,766***	***130,566***	***136,231***	***146,679***	***153,676***	***176,362***	***175,213***	***188,269***	***199,498***	***207,857***
PUBLIC DEBT CHARGES	***43,384***	***43,892***	***39,651***	***37,270***	***35,769***	***34,118***	***33,772***	***33,945***	***33,325***	***30,990***
TOTAL EXPENSES	**162,150**	**174,458**	**175,882**	**183,949**	**189,445**	**210,480**	**208,985**	**222,214**	**232,823**	**238,847**
ANNUAL SURPLUS OR DEFICIT (-)	**14,258**	**19,891**	**8,048**	**6,621**	**9,145**	**1,463**	**13,218**	**13,752**	**9,597**	**-5,755**
ACCUMULATED DEFICIT AT BEGINNING OF YEAR	**554,143**	**539,885**	**519,994**	**511,946**	**505,325**	**496,180**	**494,717**	**481,499**	**467,268**	**457,637**
OTHER COMPREHENSIVE INCOME OR LOSS (-)								**479**	**34**	**-318**
ACCUMULATED DEFICIT AT END OF YEAR	**539,885**	**519,994**	**511,946**	**505,325**	**496,180**	**494,717**	**481,499**	**467,268**	**457,637**	**463,710**

TABLE 1.2

GOVERNMENT OF CANADA
DETAILED STATEMENT OF FINANCIAL POSITION

(in millions of dollars)

	As at March 31									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
LIABILITIES										
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES—										
Other accounts payable and accrued liabilities	36,424	37,206	31,424	32,909	36,905	46,045	48,263	50,730	47,000	49,379
Tax payables	29,809	33,030	34,284	33,549	33,040	35,650	38,402	41,388	49,010	50,845
Environmental liabilities	3,014	3,014	3,051	3,378	3,564	5,624	5,861	6,062	6,669	6,342
Interest and matured debt	10,709	11,278	10,409	9,558	8,933	8,104	7,875	7,516	7,182	6,919
Allowance for guarantees	3,920	3,951	4,076	3,802	2,770	2,317	1,031	815	602	514
Total accounts payable and accrued liabilities	***83,876***	***88,479***	***83,244***	***83,196***	***85,212***	***97,740***	***101,432***	***106,511***	***110,463***	***113,999***
INTEREST- BEARING DEBT—										
Unmatured debt—										
Payable in Canadian currency—										
Marketable bonds	291,739	293,441	292,500	287,133	277,780	265,798	261,134	257,482	253,550	295,186
Treasury bills	99,850	88,700	94,039	104,411	113,378	127,199	131,597	134,074	116,936	192,275
Retail debt	26,489	26,099	23,966	22,584	21,330	19,080	17,342	15,175	13,068	12,532
Bonds for Canada Pension Plan	3,552	3,473	3,391	3,371	3,427	3,393	3,102	1,743	1,042	523
	421,630	*411,713*	*413,896*	*417,499*	*415,915*	*415,470*	*413,175*	*408,474*	*384,596*	*500,516*
Payable in foreign currencies	32,588	33,158	27,032	21,141	20,542	16,286	14,085	10,372	9,498	10,381
Cross-currency swap revaluation account	-467	867	865	1,495	363	-922	-2,258	-1,091	-1,420	3,690
Unamortized discounts and premiums on market debt	-2,356	-2,171	-2,602	-5,256	-5,610	-6,342	-6,780	-6,659	-6,213	-4,751
Obligation related to capital leases	2,601	2,591	2,619	2,664	2,774	2,932	2,927	3,096	4,236	4,184
	453,996	*446,158*	*441,810*	*437,543*	*433,984*	*427,424*	*421,149*	*414,192*	*390,697*	*514,020*
Pension and other liabilities—										
Public sector pensions	128,346	129,185	126,921	125,708	127,560	129,579	131,062	134,726	137,371	139,909
Other employee and veteran future benefits	35,714	37,668	38,280	38,844	39,367	41,549	43,369	45,123	47,901	50,311
Due to Canada Pension Plan	6,217	6,391	6,770	7,093	7,483	2,771	151	54	106	90
Other liabilities	5,474	5,729	5,971	6,642	6,488	5,909	5,342	5,157	5,789	5,833
	175,751	*178,973*	*177,942*	*178,287*	*180,898*	*179,808*	*179,924*	*185,060*	*191,167*	*196,143*
Total interest-bearing debt	***629,747***	***625,131***	***619,752***	***615,830***	***614,882***	***607,232***	***601,073***	***599,252***	***581,864***	***710,163***
TOTAL LIABILITIES	**713,623**	**713,610**	**702,996**	**699,026**	**700,094**	**704,972**	**702,505**	**705,763**	**692,327**	**824,162**
FINANCIAL ASSETS										
CASH AND ACCOUNTS RECEIVABLE—										
Cash and cash equivalents	15,416	15,818	11,398	16,528	20,572	20,615	21,149	22,696	13,729	46,985
Tax receivables	43,321	48,572	45,605	43,597	47,953	53,477	59,113	66,492	65,902	71,911
Other accounts receivable	3,209	2,681	2,939	2,603	2,476	2,254	2,581	3,398	3,247	3,251
Total cash and accounts receivable	***61,946***	***67,071***	***59,942***	***62,728***	***71,001***	***76,346***	***82,843***	***92,586***	***82,878***	***122,147***
FOREIGN EXCHANGE ACCOUNTS—										
International reserves held in the Exchange Fund Account	38,630	47,845	48,667	44,849	41,247	39,114	40,936	44,673	42,904	51,194
International Monetary Fund – Subscriptions	12,390	12,814	12,821	12,942	12,185	11,240	10,673	11,106	10,752	12,011
Less: International Monetary Fund – Notes payable and special drawing rights allocations	9,526	10,389	9,442	8,841	9,119	9,483	10,782	11,601	11,357	11,496
Total foreign exchange accounts	***41,494***	***50,270***	***52,046***	***48,950***	***44,313***	***40,871***	***40,827***	***44,178***	***42,299***	***51,709***
LOANS, INVESTMENTS AND ADVANCES—										
Enterprise Crown corporations and other government business enterprises	11,796	12,633	11,952	12,858	14,594	17,625	20,584	23,683	30,167	104,049
Other loans, investments and advances	8,271	11,899	13,744	14,920	19,184	20,543	21,305	21,411	20,702	21,044
Total loans, investments and advances	***20,067***	***24,532***	***25,696***	***27,778***	***33,778***	***38,168***	***41,889***	***45,094***	***50,869***	***125,093***
TOTAL FINANCIAL ASSETS	**123,507**	**141,873**	**137,684**	**139,456**	**149,092**	**155,385**	**165,559**	**181,858**	**176,046**	**298,949**
NET DEBT	**590,116**	**571,737**	**565,312**	**559,570**	**551,002**	**549,587**	**536,946**	**523,905**	**516,281**	**525,213**
NON-FINANCIAL ASSETS										
Tangible capital assets	42,855	44,215	45,727	47,037	47,748	48,210	48,355	49,036	51,175	53,326
Inventories	6,451	6,591	6,438	6,113	6,134	5,525	5,875	5,988	6,248	6,348
Prepaid expenses	925	937	1,201	1,095	940	1,135	1,217	1,613	1,221	1,829
TOTAL NON-FINANCIAL ASSETS	**50,231**	**51,743**	**53,366**	**54,245**	**54,822**	**54,870**	**55,447**	**56,637**	**58,644**	**61,503**
ACCUMULATED DEFICIT	**539,885**	**519,994**	**511,946**	**505,325**	**496,180**	**494,717**	**481,499**	**467,268**	**457,637**	**463,710**

TABLE 1.3

GOVERNMENT OF CANADA
STATEMENT OF CHANGE IN NET DEBT

(in millions of dollars)

	Year ended March 31									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NET DEBT AT BEGINNING OF YEAR	**602,866**	**590,116**	**571,737**	**565,312**	**559,570**	**551,002**	**549,587**	**536,946**	**523,905**	**516,281**
CHANGE IN NET DEBT DURING THE YEAR—										
ANNUAL SURPLUS (-) OR DEFICIT	**-14,258**	**-19,891**	**-8,048**	**-6,621**	**-9,145**	**-1,463**	**-13,218**	**-13,752**	**-9,597**	**5,755**
CHANGE DUE TO TANGIBLE CAPITAL ASSETS—										
Acquisition of tangible capital assets	3,851	3,880	4,487	5,051	4,535	4,619	4,046	4,789	5,957	6,249
Amortization of tangible capital assets	-2,290	-2,312	-2,583	-3,341	-3,502	-3,696	-3,904	-3,807	-3,954	-4,176
Proceeds from disposal of tangible capital assets	-46	-111	-56	-288	-91	-144	-146	-202	-440	-608
Net loss (-) or gain on disposal of tangible capital assets, including adjustments	-161	-97	-336	-112	-231	-317	149	-99	576	686
Total change due to tangible capital assets	*1,354*	*1,360*	*1,512*	*1,310*	*711*	*462*	*145*	*681*	*2,139*	*2,151*
CHANGE DUE TO INVENTORIES	**141**	**140**	**-153**	**-325**	**21**	**-609**	**350**	**113**	**260**	**100**
CHANGE DUE TO PREPAID EXPENSES	**13**	**12**	**264**	**-106**	**-155**	**195**	**82**	**396**	**-392**	**608**
NET DECREASE (-) OR INCREASE IN NET DEBT DUE TO OPERATIONS	**-12,750**	**-18,379**	**-6,425**	**-5,742**	**-8,568**	**-1,415**	**-12,641**	**-12,562**	**-7,590**	**8,614**
OTHER COMPREHENSIVE INCOME (-) OR LOSS								**-479**	**-34**	**318**
NET DECREASE (-) OR INCREASE IN NET DEBT	**-12,750**	**-18,379**	**-6,425**	**-5,742**	**-8,568**	**-1,415**	**-12,641**	**-13,041**	**-7,624**	**8,932**
NET DEBT AT END OF YEAR	**590,116**	**571,737**	**565,312**	**559,570**	**551,002**	**549,587**	**536,946**	**523,905**	**516,281**	**525,213**

TABLE 1.4

GOVERNMENT OF CANADA
STATEMENT OF CASH FLOW

(in millions of dollars)

	Year ended March 31									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
OPERATING ACTIVITIES—										
ANNUAL SURPLUS OR DEFICIT (-)	**14,258**	**19,891**	**8,048**	**6,621**	**9,145**	**1,463**	**13,218**	**13,752**	**9,597**	**-5,755**
Items not affecting cash—										
Share of annual profit in enterprise Crown corporations and other government business enterprises	-2,558	-3,272	-2,479	-2,958	-3,708	-4,853	-5,041	-5,336	-4,256	-4,773
Amortization of tangible capital assets	2,290	2,312	2,583	3,341	3,502	3,696	3,904	3,807	3,954	4,176
Net loss or gain (-) on disposal of tangible capital assets, including adjustments	161	97	336	112	231	317	-149	99	-576	-686
Change in inventories and prepaid expenses	-154	-152	-111	431	134	414	-431	-509	132	-708
Change in pension and other liabilities	7,560	3,222	-1,031	346	2,611	-1,090	116	5,136	6,107	4,976
Change in foreign exchange accounts	-6,826	-8,776	-1,776	3,096	4,637	3,442	44	-3,351	1,879	-9,410
Net change in other accounts	-4,663	2,010	-1,904	553	-3,385	5,163	-3,192	-1,508	5,194	6,069
Cash provided or used (-) by operating activities	**10,068**	**15,332**	**3,666**	**11,542**	**13,167**	**8,552**	**8,469**	**12,090**	**22,031**	**-6,111**
CAPITAL INVESTMENT ACTIVITIES—										
Acquisition of tangible capital assets	-3,851	-3,880	-4,487	-5,051	-4,535	-4,619	-4,046	-4,789	-5,957	-6,249
Proceeds from disposal of tangible capital assets	46	111	56	288	91	144	146	202	440	608
Cash used by capital investment activities	**-3,805**	**-3,769**	**-4,431**	**-4,763**	**-4,444**	**-4,475**	**-3,900**	**-4,587**	**-5,517**	**-5,641**
INVESTING ACTIVITIES—										
Enterprise Crown corporations and other government business enterprises—										
Equity transactions	1,765	2,055	2,167	1,814	1,843	1,669	2,012	2,602	2,436	1,495
Loans and advances issued	-446	-333	-248	-26	-167	-142	-198	-3,713	-5,052	-132,057
Loans and advances repayments	963	745	1,052	307	358	334	331	3,894	435	60,688
Other loans, investments and advances issued	-3,784	-7,213	-6,637	-6,216	-9,569	-8,218	-6,861	-16,969	-6,571	-6,910
Other loans, investments and advances repayments	3,447	2,942	3,926	4,716	4,929	6,866	5,182	16,475	6,883	5,041
Cash provided or used (-) by investing activities	**1,945**	**-1,804**	**260**	**595**	**-2,606**	**509**	**466**	**2,289**	**-1,869**	**-71,743**
TOTAL CASH GENERATED OR USED (-) BEFORE FINANCING ACTIVITIES	**8,208**	**9,759**	**-505**	**7,374**	**6,117**	**4,586**	**5,035**	**9,792**	**14,645**	**-83,495**
FINANCING ACTIVITIES—										
Canadian currency borrowings issued	268,357	225,899	258,142	309,420	336,260	335,682	363,824	369,354	343,755	531,668
Canadian currency borrowings repayments	-268,432	-235,825	-255,931	-305,773	-337,734	-335,969	-366,123	-373,886	-366,493	-415,801
Foreign currencies borrowings issued	33,418	34,176	23,412	17,297	14,227	13,608	15,859	11,586	11,099	24,500
Foreign currencies borrowings repayments	-36,830	-33,607	-29,538	-23,188	-14,826	-17,864	-18,061	-15,299	-11,973	-23,616
Cash used (-) or provided by financing activities	**-3,487**	**-9,357**	**-3,915**	**-2,244**	**-2,073**	**-4,543**	**-4,501**	**-8,245**	**-23,612**	**116,751**
NET INCREASE OR DECREASE (-) IN CASH	**4,721**	**402**	**-4,420**	**5,130**	**4,044**	**43**	**534**	**1,547**	**-8,967**	**33,256**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**10,695**	**15,416**	**15,818**	**11,398**	**16,528**	**20,572**	**20,615**	**21,149**	**22,696**	**13,729**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**15,416**	**15,818**	**11,398**	**16,528**	**20,572**	**20,615**	**21,149**	**22,696**	**13,729**	**46,985**

TABLE 1.5

GOVERNMENT OF CANADA
DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS AND OF NON-FINANCIAL ASSETS

(in millions of dollars)

	Year ended March 31									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
LOANS, INVESTMENTS AND ADVANCES—										
Enterprise Crown corporations and other government business enterprises—										
Loans and advances—										
Canada Mortgage and Housing Corporation	223	224	226	218	219	190	200	148	258	-57,470
Business Development Bank of Canada									-1,000	-6,284
Farm Credit Canada	236	226	578						-3,840	-7,610
Other	58	-38		63	-28	2	-67	33	-35	-5
	517	*412*	*804*	*281*	*191*	*192*	*133*	*181*	*-4,617*	*-71,369*
Investments—										
Share of annual profit	-2,558	-3,272	-2,479	-2,958	-3,708	-4,853	-5,041	-5,336	-4,256	-4,773
Other comprehensive income (-) or loss								-479	-34	318
Dividends	1,792	1,990	2,078	1,881	1,907	1,944	2,027	2,604	2,436	2,095
Capital	-27	65	89	-67	-64	-275	-15	-3		-600
	-793	*-1,217*	*-312*	*-1,144*	*-1,865*	*-3,184*	*-3,029*	*-3,214*	*-1,854*	*-2,960*
Total	-276	-805	492	-863	-1,674	-2,992	-2,896	-3,033	-6,471	-74,329
Less:										
Amount expected to be repaid from future appropriations	-11	32	-190	43	62	39	63	66	32	-473
Unamortized discounts and premiums									-19	26
Total	-265	-837	682	-906	-1,736	-3,031	-2,959	-3,099	-6,484	-73,882
Other loans, investments and advances—										
Portfolio investments	1					1,225	-101			6
National governments, including developing countries	822	-177	185	828	572	171	158	80	143	-182
International organizations	-303	-590	-459	-349	-72	-253	-224	-491	-321	-905
Provincial and territorial governments	-368	-963	385	-249	-2,459	-673	14	285	899	217
Other loans, investments and advances	-489	-2,541	-2,822	-1,730	-2,681	-1,822	-1,524	-367	-410	-1,005
Total	-337	-4,271	-2,711	-1,500	-4,640	-1,352	-1,677	-493	311	-1,869
Less: allowance for valuation	737	-643	-865	-324	-376	6	-915	-387	-398	-1,527
Total	-1,074	-3,628	-1,846	-1,176	-4,264	-1,358	-762	-106	709	-342
Total loans, investments and advances	**-1,339**	**-4,465**	**-1,164**	**-2,082**	**-6,000**	**-4,389**	**-3,721**	**-3,205**	**-5,775**	**-74,224**
PENSION AND OTHER LIABILITIES—										
Public sector pensions	5,939	839	-2,264	-1,213	1,852	2,019	1,483	3,664	2,645	2,538
Other employee and veteran future benefits	579	1,954	612	564	523	2,182	1,820	1,754	2,778	2,410
Due to Canada Pension Plan	790	174	379	323	390	-4,712	-2,620	-97	52	-16
Other liabilities	252	255	242	672	-154	-579	-567	-185	632	44
Total pension and other liabilities	**7,560**	**3,222**	**-1,031**	**346**	**2,611**	**-1,090**	**116**	**5,136**	**6,107**	**4,976**
NON-FINANCIAL ASSETS—										
Tangible capital assets	-1,354	-1,360	-1,512	-1,310	-711	-462	-145	-681	-2,139	-2,152
Inventories	-141	-140	153	325	-21	609	-350	-113	-260	-100
Prepaid expenses	-13	-12	-264	106	155	-195	-82	-396	392	-608
Total non-financial assets	**-1,508**	**-1,512**	**-1,623**	**-879**	**-577**	**-48**	**-577**	**-1,190**	**-2,007**	**-2,860**
OTHER TRANSACTIONS—										
Tax receivables	-1,483	-5,251	2,967	2,008	-4,356	-5,524	-5,636	-7,379	590	-6,009
Other accounts receivable	160	528	-258	336	127	223	-327	-817	151	-3
Provincial and territorial tax collection agreements account	-1,402	-824	-1,139	-934	2,374	1,103	2,316	410	-1,311	-168
Tax payables	966	3,221	1,254	-735	-509	2,610	2,752	2,986	7,622	1,835
Other liabilities	641	2,206	-5,350	1,621	151	8,813	-1,376	1,683	-2,359	1,869
Total other transactions	**-1,118**	**-120**	**-2,526**	**2,296**	**-2,213**	**7,225**	**-2,271**	**-3,117**	**4,693**	**-2,476**
TOTAL NON-BUDGETARY TRANSACTIONS AND NON-FINANCIAL ASSETS	**3,595**	**-2,875**	**-6,344**	**-319**	**-6,179**	**1,698**	**-6,453**	**-2,376**	**3,018**	**-74,584**

TABLE 1.6

GOVERNMENT OF CANADA
DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS

(in millions of dollars)

	Year ended March 31									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
FOREIGN EXCHANGE ACCOUNTS—										
International reserves held in the Exchange Fund Account	-6,775	-9,215	-822	3,818	3,602	2,133	-1,822	-3,737	1,769	-8,290
International Monetary Fund – Subscriptions	658	-424	-7	-121	757	945	567	-433	354	-1,259
	-6,117	*-9,639*	*-829*	*3,697*	*4,359*	*3,078*	*-1,255*	*-4,170*	*2,123*	*-9,549*
Less: International Monetary Fund – Notes payable	634	-835	947	623	-336	-453	-1,412	-771	201	14
Special drawing rights allocations	75	-28		-22	58	89	113	-48	43	-154
	709	*-863*	*947*	*601*	*-278*	*-364*	*-1,299*	*-819*	*244*	*-140*
Total foreign exchange accounts	**-6,826**	**-8,776**	**-1,776**	**3,096**	**4,637**	**3,442**	**44**	**-3,351**	**1,879**	**-9,409**
UNMATURED DEBT—										
Payable in Canadian currency—										
Marketable bonds	-1,278	1,702	-941	-5,367	-9,354	-11,981	-4,664	-3,652	-3,932	41,636
Treasury bills	2,900	-11,150	5,339	10,371	8,967	13,821	4,398	2,477	-17,138	75,339
Retail debt	-1,173	-390	-2,133	-1,382	-1,254	-2,250	-1,738	-2,167	-2,107	-536
Bonds for Canada Pension Plan	-511	-79	-82	-19	56	-35	-291	-1,359	-700	-519
	-62	*-9,917*	*2,183*	*3,603*	*-1,585*	*-445*	*-2,295*	*-4,701*	*-23,877*	*115,919*
Payable in foreign currencies	-3,412	570	-6,126	-5,891	-599	-4,256	-2,201	-3,713	-875	883
Cross-currency swap revaluation account	-1,003	1,334	-2	630	-1,132	-1,285	-1,336	1,167	-329	5,110
Unamortized discounts and premiums on market debt	-1,816	185	-431	-2,654	-354	-732	-438	121	446	1,462
Obligation related to capital leases	-13	-10	28	44	111	158	-5	169	1,140	-51
Total unmatured debt	**-6,306**	**-7,838**	**-4,348**	**-4,268**	**-3,559**	**-6,560**	**-6,275**	**-6,957**	**-23,495**	**123,323**
CASH AND CASH EQUIVALENTS AT END OF YEAR—										
In Canadian currency	15,373	15,789	11,351	16,478	20,559	20,607	21,152	22,701	13,733	46,989
In foreign currencies	43	29	47	50	13	8	-3	-5	-4	-4
Total cash and cash equivalents	**15,416**	**15,818**	**11,398**	**16,528**	**20,572**	**20,615**	**21,149**	**22,696**	**13,729**	**46,985**

GLOSSARY OF TERMS

The following terms are used in this section and throughout the financial statements in Section 2 of this Volume. The definitions are taken from three primary sources:

1- http://btb.termiumplus.gc.ca/site/termium.php?lang=eng

2- The *CICA Public Sector Accounting Handbook*.

3- Glossary of Frequently-Used Terms, Finance Canada.

- Accounts of Canada –
  The centralized record of the financial transactions of the Government of Canada, maintained by the Receiver General. The accounts of Canada summarize revenues, expenses, assets and liabilities transactions.

- Accrued Benefit Obligation –
  The value of future benefits attributed to services rendered by employees and former employees to the accounting date.

- Accumulated Deficit –
  The accumulated net total of all past federal deficits and surpluses since Confederation. The accumulated deficit is also equal to total liabilities less total assets – both financial and non-financial.

- Actuarial Valuation for Accounting Purposes –
  An assessment of the financial status of a benefit plan. It consists of the valuation of assets held to discharge the benefit liability and calculation of the actuarial present value of benefits to be paid under the plan. The valuation results in a calculation of the required future contributions or payments and a determination of any gains or losses since the last valuation.

- Allowance –
  Estimated potential losses on the realization of government financial claims or estimated financial obligations that would not otherwise be recorded in the financial statements.

- Appropriation –
  Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

- Capital Lease –
  A lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee.

- Consolidated Revenue Fund –
  The aggregate of all public moneys that are on deposit at the credit of the Receiver General for Canada.

- Consumer Price Index (CPI) –
  A measure of price changes produced by Statistics Canada on a monthly basis. The CPI measures the retail prices of a "shopping basket" of about 300 goods and services including food, housing, transportation, clothing and recreation. The index is "weighted", meaning that it gives greater importance to price changes for some products than others – more to housing, for example, than to entertainment – in an effort to reflect typical spending patterns. Increases in the CPI are also referred to as increases in the cost of living.

- Contingent Liability –
  A potential debt which may become an actual financial obligation if certain events occur or fail to occur.

- Contractual Obligation –
  A written obligation to outside organizations or individuals as a result of a contract.

- Defined Benefit Pension Plan –
  A plan that specifies either the benefits to be received by employees after retirement or the method for determining those benefits.

- Enterprise Crown Corporation –
  A corporation which is not dependent on parliamentary appropriations and whose principal activity and source of revenues are the sale of goods and/or services to outside parties. An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs.

- Financial Assets –
  An asset on hand at the end of the accounting period, which could provide resources to discharge existing liabilities or finance future operations. Financial assets include cash and assets that are convertible into cash and are not intended for consumption in the normal course of activities.

- Full Accrual Accounting –
  The method of recording transactions by which revenues and expenses are reflected in the determination of results for the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been settled finally by the receipt or payment of cash or its equivalent.

- G-7 (Group of Seven) –
  The G-7 consists of the world's seven largest industrial market economies: the United States, Japan, Germany, France, Great Britain, Italy and Canada. The leaders of these countries meet annually to discuss political and economic issues of mutual concern. In addition, G-7 finance ministers meet several times a year to discuss economic policy. Their work is supported by regular, functional meetings of officials, including the G-7 Finance Deputies.

- Gross Domestic Product (GDP) –
  The total value of all goods and services produced within Canada during a given year. It is a measure of the income generated by production within Canada. Also referred to as annual economic output or, more simply, output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. GDP would not include the wheat used to make bread, but would include the bread itself.

- Net Book Value of Tangible Capital Assets –
  The cost of tangible capital assets less both accumulated amortization and the amount of any write-downs.

- Net Debt –
  The total liabilities of the government less its financial assets.

- Non-Financial Assets –
  An asset on hand at the end of the accounting period, which could not normally be converted to cash to pay off the debt, without disrupting government operations.

- Operating Lease –
  A lease in which the lessor retains substantially all the benefits and risks of ownership.

- Other comprehensive income :
  Other comprehensive income holds any unrealized gains and losses resulting from the change in market value on assets that are classified as available-for-sale or derivative instruments used in hedging activities.

- Public Money –
  All money belonging to Canada received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money.

- Real Return Bonds –
  These bonds pay semi-annual interest based on a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on real return bonds are adjusted for changes in the consumer price index.

- Retail Debt –
  Canada Savings Bonds, Canada Premium Bonds and Canada Investment Bonds.

- Surplus –
  The amount by which government revenue exceeds expenses in any given year.

- Swap –
  An agreement that exchanges one type of return or financial instrument for another (e.g. a fixed for a floating rate of interest).

- Tangible Capital Asset –
  A non-financial asset having physical substance that:
  (i) is held for use in the production or supply of goods and services;
  (ii) has a useful economic life extending beyond an accounting period; and
  (iii) has been acquired to be used on a continuing basis.

- Transfer Payments –
  A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not:
  (i) receive any goods or services directly in return as would occur in a purchase/sales transaction;
  (ii) expect to be repaid in the future, as would be expected in a loan; or
  (iii) expect a financial return, as would be expected in an investment.

SECTION 2

2008-2009

PUBLIC ACCOUNTS OF CANADA

Financial Statements of the Government of Canada and Report and Observations of the Auditor General of Canada

CONTENTS

Page

Preface 2.2
Statement of responsibility 2.3
Report of the Auditor General of Canada 2.4

Financial statements—

- Statement of Operations and Accumulated Deficit 2.5
- Statement of Financial Position 2.6
- Statement of Change in Net Debt 2.7
- Statement of Cash Flow 2.8
- Notes to the Financial Statements of the Government of Canada 2.9

Supplementary information—

- Observations of the Auditor General of Canada 2.34

PREFACE TO THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of these financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. These financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, accumulated deficit, change in net debt and cash flow for the year then ended.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund" (CRF); second, that the balance of the CRF, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenues can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the CRF. All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty may also only borrow as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations and other government business enterprises can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The financial statements of the Government of Canada consist of four statements and accompanying notes.

The first is the **Statement of Operations and Accumulated Deficit**, which presents the Government's revenues, expenses, deficit or surplus, and other comprehensive loss or income for the year, and the net accumulation of the annual surpluses and deficits since Confederation.

The second is the **Statement of Financial Position**, which discloses the Government's cash balance and investments, amounts owing to and by the Government at the end of the year, and the Government's non-financial assets such as its tangible capital assets and inventories. It also presents both the accumulated deficit of the Government and its net debt which is the difference between the Government's total liabilities and its financial assets.

The third is the **Statement of Change in Net Debt**, which explains the difference between the Government's annual deficit or surplus and the change in the net debt for the year. It reports the extent to which revenues recognized in the year were sufficient to offset expenditures, as opposed to the expenses recognized in the annual deficit or surplus.

The fourth is the **Statement of Cash Flow**, which provides information on the Government's cash provided by or used for operating, capital investment, investing and financing activities.

Other sections in this volume together with Volume II and Volume III of the *Public Accounts of Canada*, provide more detailed supplementary information in respect of matters reported in the financial statements. The report of the Auditor General of Canada on the financial statements does not extend to this supplementary information.

STATEMENT OF RESPONSIBILITY

The financial statements in this section are prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the financial statements, which are based on Canadian generally accepted accounting principles for the public sector, and on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada in compliance with governing legislation. The financial statements are prepared on a full accrual basis of accounting whereby, assets include both financial and non-financial assets, revenues, including tax revenues are recorded when earned, and expenses include accrued expenses and amortization of tangible capital assets. The information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. These systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized summary record of the Government's financial transactions. Additional information is obtained as required, from departments, agencies, Crown corporations, other government business enterprises, and other entities to meet accounting and reporting requirements.

The Government presents the financial statements to the Auditor General of Canada who audits them and provides an independent audit opinion to the House of Commons. The duties of the Auditor General of Canada in that respect are contained in section 6 of the *Auditor General Act*. Additional information is provided in the observations of the Auditor General of Canada at the end of this section.

Annually, the financial statements are tabled in the House of Commons as part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of Canada.

Michelle d'Auray		
MICHELLE D'AURAY *Secretary of the Treasury Board of Canada*	STEPHEN R. RICHARDSON *Acting Deputy Minister of Finance*	FRANÇOIS GUIMONT *Deputy Receiver General for Canada*

Rod Monette, FCA

ROD MONETTE
Comptroller General of Canada

August 24, 2009

Auditor General of Canada
Vérificatrice générale du Canada

REPORT OF THE AUDITOR GENERAL
ON THE
FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

To the House of Commons

I have audited the statement of financial position of the Government of Canada as at March 31, 2009 and the statements of operations and accumulated deficit, change in net debt, and cash flow for the year then ended. These financial statements are the responsibility of the Government. My responsibility, as required by section 6 of the *Auditor General Act*, is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2009 and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with the stated accounting policies of the Government set out in Note 1 to the financial statements, which conform with Canadian generally accepted accounting principles. As required by section 6 of the *Auditor General Act*, I report that, in my opinion, these policies have been applied on a basis consistent with that of the preceding year.

Additional information and comments on the financial statements and this Report are included in my Observations at the end of Section 2, Volume I of the *Public Accounts of Canada 2009*.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
August 24, 2009

GOVERNMENT OF CANADA

Statement of Operations and Accumulated Deficit for the Year Ended March 31, 2009

(in millions of dollars)

	2009		2008
	Budget (Note 2)	Actual	Actual
REVENUES			
TAX REVENUES (Note 16) —			
Income tax revenues —			
Personal	118,595	116,024	113,063
Corporate	36,830	29,476	40,628
Non-resident	5,890	6,298	5,693
Total income tax revenues	***161,315***	***151,798***	***159,384***
Other taxes and duties —			
Goods and services tax	27,565	25,740	29,920
Energy taxes	5,250	5,161	5,139
Customs import duties	4,190	4,036	3,903
Other excise taxes and duties	4,795	4,869	5,245
Total other taxes and duties	***41,800***	***39,806***	***44,207***
TOTAL TAX REVENUES	***203,115***	***191,604***	***203,591***
EMPLOYMENT INSURANCE PREMIUMS	***16,530***	***16,887***	***16,558***
OTHER REVENUES —			
Crown corporation revenues	7,340	7,760	6,504
Other program revenues	13,410	15,105	13,895
Foreign exchange net revenues	1,515	1,736	1,872
TOTAL OTHER REVENUES	***22,265***	***24,601***	***22,271***
TOTAL REVENUES	**241,910**	**233,092**	**242,420**
EXPENSES (Notes 3 and 16)			
TRANSFER PAYMENTS —			
Old age security benefits, guaranteed income supplement and spouse's allowance	33,265	33,377	31,955
Other levels of government	46,180	46,515	46,152
Employment insurance benefits	15,295	16,308	14,298
Children's benefits	11,905	11,901	11,894
Other transfer payments	29,617	30,192	27,032
TOTAL TRANSFER PAYMENTS	***136,262***	***138,293***	***131,331***
OTHER PROGRAM EXPENSES —			
Crown corporation expenses	7,353	8,066	7,340
Ministry expenses	64,480	61,498	60,827
TOTAL OTHER PROGRAM EXPENSES	***71,833***	***69,564***	***68,167***
TOTAL PROGRAM EXPENSES	***208,095***	***207,857***	***199,498***
PUBLIC DEBT CHARGES	***31,509***	***30,990***	***33,325***
TOTAL EXPENSES	**239,604**	**238,847**	**232,823**
ANNUAL DEFICIT (-) OR SURPLUS	**2,306**	**-5,755**	**9,597**
ACCUMULATED DEFICIT AT BEGINNING OF YEAR	**457,637**	**457,637**	**467,268**
OTHER COMPREHENSIVE LOSS (-) OR INCOME (Note 4)		**-318**	**34**
ACCUMULATED DEFICIT AT END OF YEAR (Note 4)	**455,331**	**463,710**	**457,637**

The accompanying notes are an integral part of these statements.
Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Financial Position
as at March 31, 2009

(in millions of dollars)

	2009	2008
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES —		
Other accounts payable and accrued liabilities (Note 15)	49,379	47,000
Tax payables	50,845	49,010
Environmental liabilities (Note 15)	6,342	6,669
Interest and matured debt	6,919	7,182
Allowance for guarantees (Note 15)	514	602
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	***113,999***	***110,463***
INTEREST-BEARING DEBT —		
Unmatured debt (Note 5)	514,020	390,697
Pension and other liabilities —		
Public sector pensions (Note 6)	139,909	137,371
Other employee and veteran future benefits (Note 6)	50,311	47,901
Other liabilities (Note 7)	5,923	5,895
Total pension and other liabilities	*196,143*	*191,167*
TOTAL INTEREST-BEARING DEBT	***710,163***	***581,864***
TOTAL LIABILITIES	**824,162**	**692,327**
FINANCIAL ASSETS		
CASH AND ACCOUNTS RECEIVABLE —		
Cash and cash equivalents	46,985	13,729
Tax receivables (Note 8)	71,911	65,902
Other accounts receivable (Note 8)	3,251	3,247
TOTAL CASH AND ACCOUNTS RECEIVABLE	***122,147***	***82,878***
FOREIGN EXCHANGE ACCOUNTS (Note 9)	***51,709***	***42,299***
LOANS, INVESTMENTS AND ADVANCES —		
Enterprise Crown corporations and other government business enterprises (Notes 4, 10 and 15)	104,049	30,167
Other loans, investments and advances (Note 11)	21,044	20,702
TOTAL LOANS, INVESTMENTS AND ADVANCES	***125,093***	***50,869***
TOTAL FINANCIAL ASSETS	**298,949**	**176,046**
NET DEBT	**525,213**	**516,281**
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	53,326	51,175
Inventories	6,348	6,248
Prepaid expenses	1,829	1,221
TOTAL NON-FINANCIAL ASSETS	**61,503**	**58,644**
ACCUMULATED DEFICIT (Note 4)	**463,710**	**457,637**
CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES (Notes 14 and 15)		

The accompanying notes are an integral part of these statements.
Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Change in Net Debt for the Year Ended March 31, 2009

(in millions of dollars)

	2009		2008
	Budget (Note 2)	Actual	Actual
NET DEBT AT BEGINNING OF YEAR	**516,281**	**516,281**	**523,905**
CHANGE IN NET DEBT DURING THE YEAR —			
ANNUAL DEFICIT OR SURPLUS (-)	**-2,306**	**5,755**	**-9,597**
CHANGE DUE TO TANGIBLE CAPITAL ASSETS —			
Acquisition of tangible capital assets	5,760	6,249	5,957
Amortization of tangible capital assets	-4,225	-4,176	-3,954
Proceeds from disposal of tangible capital assets	-150	-608	-440
Net gain on disposal of tangible capital assets, including adjustments		686	576
TOTAL CHANGE DUE TO TANGIBLE CAPITAL ASSETS	***1,385***	***2,151***	***2,139***
CHANGE DUE TO INVENTORIES		**100**	**260**
CHANGE DUE TO PREPAID EXPENSES		**608**	**-392**
NET INCREASE OR DECREASE (-) IN NET DEBT DUE TO OPERATIONS	**-921**	**8,614**	**-7,590**
OTHER COMPREHENSIVE LOSS OR INCOME (-) (Notes 4 and 10)		**318**	**-34**
NET INCREASE OR DECREASE (-) IN NET DEBT	**-921**	**8,932**	**-7,624**
NET DEBT AT END OF YEAR	**515,360**	**525,213**	**516,281**

The accompanying notes are an integral part of these statements.
Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Cash Flow for the Year Ended March 31, 2009

(in millions of dollars)

	2009	2008
OPERATING ACTIVITIES —		
ANNUAL DEFICIT (-) OR SURPLUS	**-5,755**	**9,597**
Items not affecting cash —		
Share of annual profit in enterprise Crown corporations and other government business enterprises	-4,773	-4,256
Amortization of tangible capital assets	4,176	3,954
Net gain on disposal of tangible capital assets, including adjustments	-686	-576
Change in inventories and prepaid expenses	-708	132
Change in pension and other liabilities	4,976	6,107
Change in foreign exchange accounts	-9,410	1,879
Net change in other accounts	6,069	5,194
CASH USED (-) OR PROVIDED BY OPERATING ACTIVITIES	***-6,111***	***22,031***
CAPITAL INVESTMENT ACTIVITIES —		
Acquisition of tangible capital assets	-6,249	-5,957
Proceeds from disposal of tangible capital assets	608	440
CASH USED BY CAPITAL INVESTMENT ACTIVITIES	***-5,641***	***-5,517***
INVESTING ACTIVITIES —		
Enterprise Crown corporations and other government business enterprises —		
Equity transactions	1,495	2,436
Loans and advances issued	-132,057	-5,052
Loans and advances repayments	60,688	435
Other loans, investments and advances issued	-6,910	-6,571
Other loans, investments and advances repayments	5,041	6,883
CASH USED BY INVESTING ACTIVITIES	***-71,743***	***-1,869***
TOTAL CASH USED (-) OR GENERATED BEFORE FINANCING ACTIVITIES	***-83,495***	***14,645***
FINANCING ACTIVITIES —		
Canadian currency borrowings issued	531,668	343,755
Canadian currency borrowings repayments	-415,801	-366,493
Foreign currencies borrowings issued	24,500	11,099
Foreign currencies borrowings repayments	-23,616	-11,973
CASH PROVIDED OR USED (-) BY FINANCING ACTIVITIES	***116,751***	***-23,612***
NET INCREASE OR DECREASE (-) IN CASH	**33,256**	**-8,967**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	***13,729***	***22,696***
CASH AND CASH EQUIVALENTS AT END OF YEAR	***46,985***	***13,729***
SUPPLEMENTARY INFORMATION		
Cash used for interest	17,666	19,357

The accompanying notes are an integral part of these statements.
Details (unaudited) can be found in other sections of this volume.

Notes to the Financial Statements of the Government of Canada

1. Summary of Significant Accounting Policies

Reporting entity

The reporting entity of the Government of Canada includes all departments, agencies, corporations, organizations, and funds, which are controlled by the Government. For financial reporting purposes, control is defined as the power to govern the financial and operating policies of an organization with benefits from the organization's activities being expected, or the risk of loss being assumed by the Government. All organizations defined as departments and as Crown corporations in the *Financial Administration Act* are included in the reporting entity. Other organizations not listed in the *Financial Administration Act* may also meet the definition of control and they are included in the Government's reporting entity if their revenues, expenses, assets or liabilities are significant.

The financial activities of all of these entities are consolidated in these financial statements, except for enterprise Crown corporations and other government business enterprises, which are not dependent on the Government for financing their activities. These corporations are reported under the modified equity basis of accounting.

The Canada Pension Plan (the Plan) is excluded from the reporting entity because changes to the Plan require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government.

Basis of accounting

These financial statements are prepared using the Government's accounting policies stated below, which are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

The Government reports all revenues and expenses on an accrual basis. Assets are carried at the lower of cost or net realizable value. Liabilities and financial obligations to outside organizations are recorded at the estimated amount ultimately payable. Both financial assets and non-financial assets are reported on the Statement of Financial Position. Non-financial assets are charged to expense through amortization or upon utilization. Non-financial assets are not taken into consideration when determining the net debt of the Government, but rather are deducted from the net debt to determine the accumulated deficit. Other comprehensive loss or income, resulting from the accounting of enterprise Crown corporations and other government business enterprises under the modified equity basis, is excluded from the calculation of the Government's annual deficit or surplus and is recorded directly to the Government's accumulated deficit and net debt.

Revenues

Tax revenues are non-exchange transactions, which are generally derived from exchange transactions between third parties. They are recognized, on an accrual basis, in the period in which the event that gave rise to the revenue takes place. Income tax revenue is recognized when the taxpayer has earned the income subject to the tax. Domestic goods and services tax revenue is recognized at the time of the sale of goods or the provision of services and is presented on the Statement of Operations and Accumulated Deficit net of tax credits. Excise duties revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*. Excise taxes revenue are recognized when a taxpayer sells goods taxable under the *Excise Act*. Customs duties and goods and services tax revenue on imports is recognized when goods are authorized to enter Canada.

Tax revenues are measured from amounts assessed and from estimates of amounts not assessed based on cash received. Annual revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates for amounts of unreported taxes.

Tax revenues that were not collected at year-end and refunds that were not yet disbursed are reported respectively as tax receivables and tax payables on the Statement of Financial Position. These amounts also include other receivables and payables for amounts collected through the tax system such as provincial and territorial taxes, employment insurance premiums and Canada Pension Plan.

Other revenues are recognized in the period to which they relate. Employment insurance premiums are recognized as revenue in the period the insurable earnings are earned.

Expenses

Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses when the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement, or, in the case of transactions which do not form part of an existing program, when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.

Expenses include provisions to reflect changes in the economic value of assets or liabilities, including provisions for bad debts, for loans, investments and advances, and for inventory obsolescence. Expenses also include amortization of tangible capital assets and utilization of inventories and prepaid expenses.

Premiums and discounts on public debt are amortized on a straight line basis over the term to maturity of the respective debt instrument. The corresponding amortization is recorded as part of public debt charges.

Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit less outstanding cheques and warrants. Cash equivalents consist mainly of term deposits usually not exceeding 31 days.

Foreign exchange accounts

Short-term deposits, marketable securities and special drawing rights held in the foreign exchange accounts are recorded at cost. Marketable securities are adjusted for amortization of purchase discounts and premiums. Purchases and sales of securities are recorded at the settlement date. Investment income earned with respect to foreign accounts as well as write-downs to reflect other than temporary impairment in the fair value of securities are included in foreign exchange net revenues on the Statement of Operations and Accumulated Deficit. Canada's subscriptions to the capital of the International Monetary Fund are recorded at cost.

Loans, investments and advances

Loans, investments and advances are initially recorded at cost and are adjusted to reflect the concessionary terms of those loans made on a long-term, low interest or interest-free basis and the portion of the loans that are expected to be repaid from future appropriations.

When necessary an allowance for valuation is recorded to reduce the carrying value of loans, investments and advances to amounts that approximate their net realizable value.

For loans to national governments, including developing countries, the allowance is determined based on the Government's identification and evaluation of countries that have formally applied for debt service relief, on estimated probable losses that exist on the remaining portfolio, and on changes in the economic conditions of sovereign debtors.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets. For certain tangible capital assets where the costs are not readily available, such as older buildings, estimated current costs have been extrapolated back in time in a systematic and rational manner to approximate original costs. Assets acquired under capital leases are recorded at the present value of the minimum lease payments using Government's Consolidated Revenue Fund term lending rate at the inception of the leases with corresponding lease obligations recorded under unmatured debt on the Statement of Financial Position. They are amortized over the lease term or over the estimated useful life in accordance with the asset type if the lease term contains terms that allow ownership to pass to the Government or a bargain purchase option.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, the cost of works of art and museum collections and Crown land to which no acquisition cost is attributable. Intangible assets are also not recognized in the Government's financial statements.

Inventories are comprised of spare parts and supplies that are held for future program delivery and are not mainly intended for resale. They are valued at cost. Inventories that no longer have service potential are valued at the lower of cost or net realizable value. Items for which the costs are not readily available have been valued using management's best estimates of original cost based on available information.

Pensions and other employee and veteran future benefits

Employees' entitlements to pension benefits and to other employee and veteran future benefits are reported on an actuarial basis. This process is intended to determine the current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments are amortized over the estimated average remaining service lives of the employees.

Contingent liabilities

Contingent liabilities, including provisions for losses on loan guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

For loan guarantees, the amount of the allowance is estimated by taking into consideration the nature of the loan guarantee, loss experience and current conditions at the date of the preparation of the financial statements. The allowance is reviewed on an ongoing basis. Changes in the allowance are recorded as expenses in the year.

Environmental liabilities

Environmental liabilities consist of the estimated costs related to the management and remediation of environmentally contaminated sites and unexploded explosive ordnance affected sites, as well as the estimated costs of decommissioning nuclear facilities. For contaminated sites and unexploded explosive ordnance affected sites, a liability is accrued and an expense recorded based on management's best estimates when the contamination occurs or when the Government becomes aware of the contamination and is obligated, or is likely obligated to incur such costs. The liability reflects the present value of estimated cash flows required to remediate the environmentally contaminated sites and unexploded explosive ordnance affected sites to an acceptable condition according to the current and intended use of the sites by the Government. The liability is increased each year to reflect the time and value of money and new obligations, adjusted for changes in management estimates of costs, and decreased by the actual costs incurred. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

For the decommissioning of nuclear facilities, the liability reflects the present value of the expected decommissioning and site remediation costs. The liability is increased each year to reflect the time value of money, adjusted for changes in management estimates of costs, and is decreased by the actual costs incurred.

Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated using rates at March 31. Gains and losses resulting from foreign currency translation are reported on the Statement of Operations and Accumulated Deficit according to the activities to which they relate. Net gains and losses relating to the foreign exchange accounts, foreign debt and swap revaluations are presented with investment revenues from foreign exchange accounts under foreign exchange net revenues. Net gains and losses related to sovereign loans are presented with the return on investments from these loans under other program revenues. Net gains and losses relating to departmental sale or purchase of goods or services in foreign currency are reported in ministry expenses under other program expenses.

Use of estimates and measurement uncertainty

The preparation of financial statements requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported. By their nature, these estimates are subject to measurement uncertainty. These are based on facts and circumstances available at the time estimates and assumptions are made, historical loss experience and general economic conditions. The effect of changes to such estimates and assumptions in future periods could be significant to the financial statements. Some of the more significant estimates used in these financial statements affect the accrual of tax revenues and the related amounts receivable and payable, including the liabilities under provincial and territorial tax collection agreements, valuation allowances for loans, investments and advances, obligations for public sector pensions and other employee and veteran future benefits, contingent liabilities, environmental liabilities and transfer payments to other levels of government.

Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.

2. Spending and Borrowing Authorities

i. Spending authorities

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes. The Government uses the full accrual method of accounting to prepare its Budget and present its current financial statements. However, the spending authorities voted by Parliament remain on an expenditure basis, which uses only a partial accrual method of accounting. During the year, expenditures were made under the following authorities:

	(in millions of dollars)	
	2009	2008
Annual spending limits voted by Parliament	87,343	84,635
Expenditures permitted under other legislation	128,036	130,702
Total budgetary expenditures authorized	215,379	215,337
Less: amounts available for use in subsequent years and amounts that have lapsed, net of overexpended amounts	7,592	8,992
Total net expenditures	207,787	206,345
Effect of consolidation and full accrual accounting	31,060	26,478
Total expenses	238,847	232,823

The use of budgetary expenditure authorities reported in the preceding table differs from the total expenses reported in the Statement of Operations and Accumulated Deficit. The difference is due to various factors. Spending authorities are presented on a partial accrual basis, while the Statement of Operations and Accumulated Deficit is prepared on a full accrual basis. The transactions of certain accounts with separate non-budgetary authorities and of certain Crown corporations or other controlled entities are consolidated with the Government's financial statements but are not included in the budgetary expenditure authorities available for use. Transfer payments to organizations within the Government reporting entity are recorded against a budgetary expenditure authority in the year they are disbursed to the organization, but they are recorded as a consolidated expense only when they are disbursed to the ultimate recipient outside of the Government reporting entity. Provisions for valuation of assets and liabilities are also not included in spending authorities.

In addition to the authorities for budgetary expenditures, non-budgetary spending of $244,061 million ($113,624 million in 2008) was authorized for loans, investments and advances. A net amount of $134,052 million was used ($5,797 million in 2008), an amount of $24 million lapsed ($31 million in 2008) and an amount of $109,985 million is available for use in subsequent years ($107,796 million in 2008).

Details (unaudited) about the source and disposition of authorities and the details of ministerial expenditures are provided in Volume II of the *Public Accounts of Canada*.

ii. Over-expenditure of spending authorities

During the year, the Natural Resources' grant – Grants in support of ecoENERGY Retrofit–Homes was overspent by less than $10,800,000.

Details (unaudited) of this overexpended authority can be found in the ministerial sections of Volume II of the *Public Accounts of Canada*.

iii. Borrowing authorities

The Government may borrow only on the authority of Parliament which is contained in Part IV of the *Financial Administration Act*. Section 43.1 of the *Financial Administration Act* empowers the Governor in Council to authorize the Minister of Finance to borrow money on behalf of Her Majesty in right of Canada. In 2008-2009, the Governor in Council specified $296,000 million ($206,000 million in 2008) to be the maximum aggregate amount of principal that may be borrowed during the fiscal year. During the year, $279,313 million ($155,213 million in 2008) of the borrowing authority was used.

iv. Comparison of results against budget

The budget amounts included in the Statement of Operations and Accumulated Deficit and the Statement of Change in Net Debt are derived from the amounts that were originally budgeted for 2008-2009 in the February 2008 Budget Plan (Budget 2008). Since actual opening numbers of the accumulated deficit and net debt were not available at the time of preparation of Budget 2008, the corresponding amounts in the budget column have been adjusted to the actual closing numbers of the previous year.

3. Expenses

Expenses in the Statement of Operations and Accumulated Deficit are as follows:

i. Transfer payments to other levels of government

	(in millions of dollars)	
	2009	2008
Canada health transfer	22,759	21,474
Canada social transfer	10,568	9,872
Fiscal arrangements	15,138	14,570
Other major transfers	1,024	2,956
Alternative payments for standing programs (1)	-2,974	-2,720
Total transfer payments to other levels of government	46,515	46,152

Certain comparative figures have been reclassified to conform to the current year's presentation.
Details (unaudited) can be found in Section 1 of Volume II of the *Public Accounts of Canada*.

(1) These amounts represent reduced transfer payments to a province that has entered into an arrangement under which the Government of Canada provides an abatement for personal income taxes to taxpayers of that province.

ii. Public debt charges

	(in millions of dollars)	
	2009	2008
Public debt charges related to unmatured debt —		
Interest on unmatured debt	13,422	14,230
Amortization of discounts on Canada and Treasury Bills	3,643	4,694
Amortization of premiums, discounts and commissions on all other debts	1,475	1,687
Servicing costs and costs of issuing new borrowings	8	53
Capital lease obligations	233	204
Total	18,781	20,868
Interest expense related to public sector pensions and other employee and veterans future benefits	12,120	12,336
Other	89	121
Total public debt charges	30,990	33,325

Certain comparative figures have been reclassified to conform to the current year's presentation.
Details (unaudited) can be found in Section 3 of this volume.

iii. Total expenses by segment

The Government has defined the segments as the Ministries and Crown corporations and other entities. Additional segmented information is provided in Note 16. The following table presents the total expenses by segment after the elimination of internal transactions:

	(in millions of dollars)	
	2009	2008
Ministries —		
Agriculture and Agri-Food	3,446	3,873
Atlantic Canada Opportunities Agency	290	340
Canada Revenue Agency	16,813	17,464
Canadian Heritage	1,824	1,811
Citizenship and Immigration	1,400	1,178
Economic Development Agency of Canada for the Regions of Quebec	258	306
Environment	1,796	1,579
Finance	77,604	79,258
Fisheries and Oceans	1,625	1,722
Foreign Affairs and International Trade	6,307	4,937
Governor General	20	20
Health	5,010	4,929
Human Resources and Skills Development	58,607	53,937
Indian Affairs and Northern Development	7,327	6,614
Industry	4,554	4,541
Justice	1,384	1,336
National Defence	19,009	17,546
Natural Resources	4,731	3,633
Parliament	548	527
Privy Council	561	309
Public Safety and Emergency Preparedness	9,132	8,025
Public Works and Government Services	2,428	2,317
Transport	3,669	3,123
Treasury Board	2,193	2,068
Veterans Affairs	1,018	1,303
Western Economic Diversification	237	251
Provision for valuation and other items	-1,406	1,888
Total ministries	230,385	224,835
Crown corporations and other entities	8,462	7,988
Total expenses	238,847	232,823

Details (unaudited) providing total expenses by segment and type can be found in Section 3 of this volume.

iv. Total expenses by type of resources used in the operations

The Statement of Operations and Accumulated Deficit and the previous table present a breakdown of expenses by segment, which represent the expenses incurred for each of the main functions of the Government. The following table presents the detail of these expenses broken down by the main objects of expense:

	(in millions of dollars)	
Objects of expense	2009	2008
Transfer payments	138,293	131,331
Other program expenses —		
Crown corporations [1]	7,680	6,985
Personnel	35,593	35,820
Transportation and communications	3,224	2,978
Information	317	295
Professional and special services	7,450	7,019
Rentals	1,748	1,602
Repair and maintenance	2,892	2,582
Utilities, materials and supplies	3,071	2,894
Other subsidies and expenses	3,240	3,899
Amortization expenses	4,176	3,954
Loss on disposal of assets	173	139
Total other program expenses	69,564	68,167
Total program expenses	207,857	199,498
Public debt charges	30,990	33,325
Total expenses	238,847	232,823

Details (unaudited) reconciling objects of expense to objects of expenditure can be found in Section 3 of this Volume and details (unaudited) on ministerial expenditures by object can be found in Section 1 of Volume II of the *Public Accounts of Canada*.

(1) This amount differs from the expense shown on the Statement of Operations and Accumulated Deficit due to the amortization expenses and loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

v. Significant transactions

Spectrum licence fees

During the year, Industry Canada recorded funds of $4,260 million from the auction of licences for advanced wireless services and other spectrum. This amount has been recorded as deferred revenue and reported in other accounts payable and accrued liabilities on the Statement of Financial Position. It will be recognized as other program revenues on the Statement of Operations and Accumulated Deficit on a straight-line basis over the ten year term of the licences.

Asset-Backed Commercial Paper (ABCP) Restructuring Agreement

On January 21, 2009, the Government of Canada, in partnership with the governments of Quebec, Alberta and Ontario and the Caisse de dépôt et placement du Québec confirmed their commitment to provide access to additional liquid assets through a Senior Funding Facility (SFF) as part of the final restructuring agreement of the third-party Canadian ABCP (Montreal Accord). The newly restructured notes are financial instruments with maturities that average seven years in length and are backed by supplementary collateral commitments. The Government of Canada's commitment to the SFF is $1,850 million on the $3,450 million facility of which $550 million is, if drawn, subject to guarantees of repayment from the provinces of Ontario and Alberta. This is considered to be a contingent liability since the Government of Canada would only be required to make a payment under certain remote circumstances, as outlined in the court-approved restructuring agreement.

The SFF agreement will expire in August 2010, unless an amount has been drawn down and remains unpaid at that date. Repayable advances made under this facility will bear interest at a rate of 0.3 percent plus the average rate for Canadian Dollar banker's acceptances rate for the period. The interest and principal of SFF notes, if the facility is drawn, would be repaid prior to other funding facilities and the restructured notes.

Direct lending to Crown corporations

In Budget 2007, the Government announced that, beginning in 2008, it would meet all the borrowing needs of Business Development Bank of Canada, Canada Mortgage and Housing Corporation, and Farm Credit Canada through direct lending to these Crown corporations. The Government's own debt program has been adjusted to accommodate the additional need for funds. During the year, additional loans of $131,882 million ($4,840 million in 2008) were advanced to the Crown corporations under this initiative and repayments totalling $60,307 million (nil in 2008) were received from the Crown corporations, resulting in a net increase in loans of $71,575 million ($4,840 million in 2008). The effect of these transactions has increased the balances of enterprise Crown corporations and other government business enterprises loans, investments and advances and unmatured debt on the Statement of Financial Position.

Of the total loans advanced to the Crown corporations under the direct lending initiative, $54,954 million was advanced to Canada Mortgage and Housing Corporation for the purchase of insured mortgage pools under the Insured Mortgage Purchase Program (IMPP). The IMPP was announced on October 10, 2008, with the intent of maintaining the availability of long-term credit in Canada by purchasing up to $25,000 million of insured mortgage pools. This program was expanded to a maximum of $75,000 million following an announcement on November 12, 2008, and was subsequently expanded to a maximum of $125,000 million in Budget 2009. Purchases of mortgage pools were done through a competitive auction process ensuring that the rate of return on the purchased mortgage pools exceeded the Government's cost of borrowing, resulting in a positive financial return to the Government of Canada.

4. Accumulated Deficit

The Government includes in its revenues and expenses, the transactions of consolidated Crown corporations and other entities controlled by the Government, and of certain accounts established for specified purposes. Legislation requires that the revenues of these specified purpose accounts be identified and that related payments be charged against such revenues. Except for the Employment Insurance Account, any deficiency of payments over revenues must be met through future revenues from these accounts. The following table shows the balances of these consolidated accounts and the equity of the consolidated Crown corporations and other entities included in the accumulated deficit:

	(in millions of dollars)	
	2009	2008
Accumulated deficit, excluding consolidated specified purpose accounts and accumulated other comprehensive income	525,541	519,750
Consolidated specified purpose accounts —		
Employment Insurance Account	-57,171	-56,953
Other insurance accounts	-366	-126
Other consolidated accounts	-322	-299
	467,682	462,372
Consolidated Crown corporations and other entities	-3,777	-4,222
Accumulated other comprehensive income	-195	-513
Accumulated deficit	463,710	457,637

Details (unaudited) can be found in Section 4 of this volume.

Enterprise Crown corporations and other government business enterprises that are recorded under the modified equity basis implemented a new accounting standard in previous years whereby certain unrealized gains and losses on financial instruments are recorded as other comprehensive loss or income. Accumulated other comprehensive income holds any unrealized gains and losses resulting from the change in market value of financial assets that are classified as available-for-sale or derivative instruments used in hedging activities. These unrealized gains and losses are recognized in other comprehensive loss or income, but are excluded from the calculation of net income of the corporations until realized. As a result of implementing the standard, the financial statements of these enterprise Crown corporations included a transitional adjustment that represents the adjustment of the previous carrying amount of the financial instruments held by the corporations that were classified as available-for-sale or derivative instruments used in hedging activities.

Under the modified equity basis of accounting, the enterprise Crown corporations' other comprehensive loss or income is excluded from the calculation of the Government's annual deficit or surplus. It is instead recorded directly against the Government's accumulated deficit. Upon realization of these gains and losses, the associated amounts are recorded in the current period's Statement of Operations and Accumulated Deficit. The following table presents the changes in accumulated other comprehensive income:

	(in millions of dollars)	
	2009	2008
Accumulated other comprehensive income at beginning of year	513	479
Other comprehensive loss (-) or income —		
Transitional adjustment		-5
Net change in unrealized losses on available-for-sale financial instruments	-625	-62
Net change in fair value of derivatives designated as hedges	307	101
Other comprehensive loss (-) or income	-318	34
Accumulated other comprehensive income at end of year	195	513

5. Unmatured Debt

Unmatured debt is composed of the following:

	(in millions of dollars)	
	2009	2008
Market debt —		
Payable in Canadian currency	500,516	384,596
Payable in foreign currencies	10,381	9,498
Total	510,897	394,094
Cross currency swap revaluation account	3,690	-1,420
Unamortized discounts and premiums on market debt	-4,751	-6,213
Obligation related to capital leases	4,184	4,236
Total unmatured debt	514,020	390,697

Unamortized discounts result from Treasury bills and Canada bills, which are issued at a discount in lieu of interest. Discounts or premiums also result from the Government's bond buy back program and from issuance of the market debt when the face value of the instrument issued differs from the proceeds received. The unamortized portion represents the amount of premium and discount that has not yet been recorded to public debt charges.

i. Market Debt

The following table presents the contractual maturity of debt issues and interest rates by currency and instrument type at gross value (in Canadian $) and the effective average annual interest rates including swaps on foreign currency bonds and notes:

	(in millions of dollars)							
	Marketable bonds				Bonds for Canada Pension Plan			
Maturing year	Canadian $	US$	Treasury bills	Retail debt [1]		Canada bills US$	Euro medium-term notes	Total
2010	21,489	199	192,500	629	71	8,707	1,676	225,271
2011	31,192			919	425			32,536
2012	30,175			773	16			30,964
2013	17,156			1,319	11			18,486
2014	24,770			1,257				26,027
2015 and subsequent	170,540	67		7,635				178,242
	295,322	266	192,500	12,532	523	8,707	1,676	511,526
Less: Government's holdings of unmatured debt [2]	136	268	225					629
Total market debt	295,186	-2	192,275	12,532	523	8,707	1,676	510,897
Nature of interest rate [3]	Fixed [4]	Variable	Variable	Variable	Fixed	Variable	Fixed	
Effective weighted average annual interest rates including swaps on foreign currency bonds and notes	4.53	8.63	1.34	2.32	11.03	0.64	4.50	
Range of interest rates	1.25 - 11.25	8.25 - 9.70	0.46 - 3.30	1.00 - 4.00	9.15 - 11.33	0.01 - 2.02	4.50	

Details (unaudited) can be found in Section 6 of this volume.

[1] Includes $7,332 million of Canada savings bonds having fixed dates of maturity which are redeemable on demand.

[2] Includes $268 million of securities held for the retirement of unmatured debt and $361 million of consolidation adjustments.

[3] Debt with maturity terms of less than one year is considered to have a variable interest rate. For marketable bonds and foreign currency notes, some of the fixed interest rates were converted into variable interest rates through swap agreements.

[4] Includes real return bonds which have a variable component based on the consumer price index.

ii. Obligation related to capital leases

The Government's total obligation related to capital leases as at March 31, 2009 is $4,184 million ($4,236 million in 2008). Interest on the obligation related to capital leases of $233 million ($204 million in 2008) is reported in Statement of Operations and Accumulated Deficit as part of public debt charges. Future minimum lease payments are summarized as follows:

Maturing year	(in millions of dollars)
2010	518
2011	496
2012	440
2013	419
2014	443
2015 and subsequent	4,640
Total minimum lease payments	6,956
Less: imputed interest at the average rate of 5.96 percent	2,772
Obligation related to capital leases	4,184

Details (unaudited) can be found in Section 6 of this volume.

6. Public Sector Pensions and Other Employee and Veteran Future Benefits

i. Pension benefits - plan overview

The Government sponsors defined benefit pension plans covering substantially all the employees of the Public Service, as well as Public Service corporations, members of the Canadian Forces including the Reserve Force, members of the Royal Canadian Mounted Police, federally appointed judges and Members of Parliament. In this note, the term "employees" is used in a general manner to apply to plan members of all of these groups.

The Public Service, Canadian Forces and Royal Canadian Mounted Police pension plans represent the three main public sector pension plans. For these plans, pension benefits generally accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Quebec Pension Plan benefits and they are indexed to inflation.

The Government holds a statutory obligation for the payment of benefits relating to the pension plans.

Pursuant to pension legislation for the three main plans, the net amount of contributions less benefits and payments related to post March 2000 service has been invested in capital markets. The plans are generally funded from employees' contributions, employer contributions, and investment earnings. Contributions and payments pertaining to the pre-April 2000 service for the three main plans and all service for the other pension plans, which are not invested externally, are recorded in pension accounts within the Accounts of Canada pursuant to pension legislation.

The following table presents a summary of the main pension transactions in the period:

	(in millions of dollars)					
	2009			2008		
	Funded plans	Others	Total	Funded plans	Others	Total
Contributions —						
Employees	1,645	73	1,718	1,449	75	1,524
Public Service corporations	203	11	214	188	10	198
Government	3,285	185	3,470	3,126	171	3,297
Total	5,133	269	5,402	4,763	256	5,019
Benefits paid	505	7,353	7,858	367	7,043	7,410

Details (unaudited) can be found in Section 6 of this volume.

ii. Other future benefits - plan overview

The Government also sponsors a variety of other future benefit plans from which employees and former employees (including military or Royal Canadian Mounted Police members) can benefit, during or after employment or upon retirement. The cost of these benefits can accrue either during the service life of employees or upon occurrence of an event giving rise to the liability under the terms of the plans. The Government is liable for future payments for the disability and other benefits paid to war veterans, Canadian Forces retired veterans and still-serving members, their survivors and dependants, as well as to current and former members of the Royal Canadian Mounted Police and their survivors and dependants. Other significant future benefits for which the Government is liable include the health care and dental plans available to retired employees and their dependants, severance benefits, and workers' compensation benefits.

All of these plans are unfunded. For retirees, the health care and dental plans are contributory plans, whereby contributions by retired plan members are made in the year in which the benefits are payable. These contributions amounted to $122 million in 2009 ($117 million in 2008). The Government's costs and benefits paid are presented net of these contributions.

iii. Future benefit liability and plan assets

The pensions and other employee and veteran future benefits liability at March 31, 2009 includes the following components:

	(in millions of dollars)			
	Pensions		Other future benefits	
	2009	2008	2009	2008
Accrued benefit obligation	190,280	178,580	79,947	67,480
Less: Pension plan assets —				
Market related value of investments	37,155	38,691		
Contributions receivable from employees for past service	626	781		
Total	37,781	39,472		
	152,499	*139,108*	*79,947*	*67,480*
Unamortized estimation adjustments	-12,590	-1,737	-29,636	-19,579
Pensions and other employee and veteran future benefits liability	139,909	137,371	50,311	47,901

Details (unaudited) can be found in Section 6 of this volume.

Pension plan assets include marketable investments and contributions receivable from employees for past service buy back elections. The investments are valued at market related values and contributions receivable for past service are discounted to approximate their fair value.

The market related value of investments is established on the basis of an expected rate of return on investments, whereby the fluctuations between the market and expected market value are averaged over a five-year period, within a ceiling of plus or minus 10 percent of the market value. This ceiling has been applied at March 31, 2009, resulting in an increase of $6,433 million to unamortized estimation adjustments that is amortized over the estimated average remaining service life of plan members. At March 31, 2009, the market value of the investments is $33,777 million ($38,925 million in 2008). These investments include certain assets that experienced a decline in market value during 2009 as a result of deteriorated credit market conditions. These include long-term floating rate notes received in exchange for asset-backed commercial papers (ABCP) as part of the ABCP restructuring agreement that closed on January 21, 2009. The fair value of the long-term floating rate notes at March 31, 2009 is $1,039 million ($1,522 million for ABCP in 2008), resulting in a combined write-down of approximately $473 million in 2009 relating to the new long-term floating rate notes and ABCP.

Changes in market related values from year to year are recognized on the Statement of Operations and Accumulated Deficit through the expected return on plan assets and the amortization of the difference between expected values and market related values of plan assets over the estimated average remaining service life of plan members. As a result of these amortization mechanisms, variations in market value may reverse themselves, or change significantly, before they are fully recognized in the Statement of Operations and Accumulated Deficit.

iv. *Future benefit expense*

The pension and other employee and veteran future benefits related expense includes the following components:

	(in millions of dollars)			
	Pensions		Other future benefits	
	2009	2008	2009	2008
Net expense —				
Net benefits earned[1]	3,612	3,209	1,630	1,570
Amortization of estimation adjustments	315	269	2,056	1,821
Plan amendment costs		9		406
Total	3,927	3,487	3,686	3,797
Interest expense —				
Interest on average accrued benefit obligation	11,846	11,630	2,687	2,740
Expected return on average pension plan assets	-2,413	-2,034		
Total	9,433	9,596	2,687	2,740
Total expense related to pensions and other employee and veteran future benefits	13,360	13,083	6,373	6,537

Details (unaudited) can be found in Section 6 of this volume.

[1] Other future benefits expense includes a one-time adjustment of $179 million related to the Reserve Force Retirement Gratuity Program that was enhanced in 2007 and that was recorded in 2008 for the first time.

(a) Cost of plan amendments

In 2009, there were no amendments made to the pension and other employee and veteran future benefit plans that resulted in one-time estimated past service costs.

In 2008, amendments made to the *Public Service Superannuation Regulations* resulted in a one-time estimated past service cost of $9 million for the Public Service pension plan and improvements to benefits provided under employee and veteran future benefits resulted in a one-time estimated past service cost of $406 million.

(b) Interest expense

The interest expense calculated on the average actuarial obligation for the year is reported as part of public debt charges. It is presented net of the expected return on the average market related value of pension plan assets for the year. During the year, the actual rate of return of marketable investments calculated on a time-weighted basis was minus 22.7 percent (minus 0.3 percent in 2008). The negative return experienced in 2009 results primarily from the turmoil and significant volatility in global financial markets. Given that the investment horizon of the pension plans is long-term in nature, the negative return experienced in 2009 is not expected to impact the long-term target return on the portfolio.

v. Change in accrued benefit obligation and market related value of investments

The changes in the accrued benefit obligation and in the pension investments during the year were as follows:

	(in millions of dollars)			
	Pensions		Other future benefits	
	2009	2008	2009	2008
Accrued benefit obligation at beginning of year	178,580	168,255	67,480	62,830
Benefits earned	5,516	4,902	1,630	1,570
Interest on average accrued benefit obligation	11,846	11,630	2,687	2,740
Benefits paid	-7,858	-7,410	-3,918	-3,717
Administrative expenses	-147	-111	-45	-42
Net transfers to other plans	-291	-374		
Plan amendments		9		406
Actuarial losses	2,634	1,679	12,113	3,693
Accrued benefit obligation at end of year	190,280	178,580	79,947	67,480
Market related value of investments at beginning of year	38,691	31,620		
Expected return on plan assets	2,413	2,034		
Contributions	5,133	4,763		
Benefits, transfers and others	-702	-526		
Actuarial gains or losses (-)	-8,380	800		
Market related value of investments at end of year	37,155	38,691		

vi. Actuarial valuations and assumptions

Actuarial valuations of the pension plans are performed every three years for funding purposes. The most recent finalized valuations for the Public Service, and Canadian Forces pension plans were conducted as at March 31, 2005. Valuations as at March 31, 2008, are currently in progress for these two plans. The most recent valuation for the Royal Canadian Mounted Police pension plan was conducted as at March 31, 2008, while the valuations for the Members of Parliament and the federally appointed judges were conducted as at March 31, 2007.

The valuations for pensions and other future benefits, except for the veterans' benefits, are updated annually for accounting purposes based on the most recent or any in-progress triennial valuation. The valuation for the veterans' benefits is performed every year for accounting purposes.

All annual actuarial valuations are prepared using assumptions that are based on the Government's best estimates. The valuations are based on the projected benefit method prorated on service, except for the veterans' and workers' compensation valuations, for which benefits are accrued on an event driven basis. Many assumptions are required for this process, including estimates of future inflation, interest rates, expected return on investments, general wage increases, work-force composition, retirement rates and mortality rates. Estimation adjustments arise when actual experience varies from assumptions. These adjustments are amortized over the estimated average remaining service lives of plan members, which represent periods ranging from 5 to 15 years (5 to 15 years in 2008).

The assumptions for the long-term rate of inflation and long-term general wage increase used in the accounting valuations of all the plans are 2.0 percent and 2.9 percent respectively (2.0 percent and 2.9 percent in 2008). The discount rates used to value the accrued benefit obligation at March 31, 2009 and the corresponding assumptions used in the cost of current service and in the interest expense are as follows:

	2009			2008		
	Accrued benefit obligation valuation		Expense valuation	Accrued benefit obligation valuation		Expense valuation
	Initial	Ultimate		Initial	Ultimate	
Discount rates - pensions —						
Expected rates of return on pension investments	5.3%	6.3%	5.9%	5.9%	6.3%	6.0%
Expected weighted average of long-term bond rates	6.8%	5.0%	7.1%	7.1%	5.0%	7.3%
Discount rates - other future benefits —						
Expected long-term bond rates	3.3%	5.0%	4.1%	4.1%	5.0%	4.4%
Cost increase rates - health care —						
Expected health care cost increase rates	8.3%	3.5%	8.0%	8.0%	3.5%	7.9%
Expected year to achieve ultimate rate		2023			2022	

Changes in assumptions can result in significantly higher or lower estimates of the accrued benefit obligation. The following table illustrates the possible impact of a one percent change in the main assumptions:

	(in millions of dollars)			
	Pensions		Other future benefits	
	2009	2008	2009	2008
Possible impact on the accrued benefit obligation due to:				
Increase of 1 percent in discount rate	-24,500	-21,900	-11,300	-8,400
Decrease of 1 percent in discount rate	31,100	28,100	15,000	10,900
Increase of 1 percent in inflation rate	23,700	21,900	13,200	9,800
Decrease of 1 percent in inflation rate	-19,600	-18,100	-10,100	-7,700
Increase of 1 percent in general wage increase	4,900	5,600	600	400
Decrease of 1 percent in general wage increase	-4,200	-4,400	-500	-400
Increase of 1 percent in health care cost increase			4,800	3,000
Decrease of 1 percent in health care cost increase			-3,600	-2,400

7. Other Liabilities

Other liabilities are comprised of the following:

	(in millions of dollars)	
	2009	2008
Due to Canada Pension Plan	90	106
Others —		
Government Annuities Account	267	293
Deposit and trust accounts	1,988	2,080
Other specified purpose accounts	3,578	3,416
	5,833	5,789
Total other liabilities	5,923	5,895

i. Due to Canada Pension Plan

As explained in Note 1, the financial activities of the Canada Pension Plan are not included in these financial statements.

The Plan is a federal/provincial program for compulsory and contributory social insurance. It operates in all parts of Canada, except for the Province of Quebec, which has a comparable program. The Plan is administered by the Government of Canada under joint control with the participating provinces. Payments of pensions and benefits from the Plan are financed from contributions by employers, employees and self-employed persons, and from the income earned on investments. As administrator, the Government's authority to spend is limited to the Plan's net assets. At March 31, 2009, the fair value of the Plan's net assets is $110,022 million ($126,785 million in 2008).

The Canada Pension Plan Account (the Account) was established in the Accounts of Canada to record the transactions of the Plan, as well as the amounts transferred to or received from the Canada Pension Plan Investment Fund and the Canada Pension Plan Investment Board. The Plan's deposit with the Receiver General for Canada of $90 million ($106 million in 2008) corresponds to the balance in the Account and is reported as the Government's liability to the Plan at March 31, 2009.

Details (unaudited) and the audited financial statements of the Plan can be found in Section 6 of this volume.

ii. Others

The Government Annuities Account, the deposit and trust accounts and the other specified purpose accounts are liability accounts that are used to record transactions made under authorities obtained from Parliament through either the *Financial Administration Act* or other specific legislation. Details (unaudited) on these accounts can be found in Section 6 of this volume.

8. Tax and Other Accounts Receivable

Tax receivables represent tax revenues that were assessed by year-end as well as amounts receivable due to the accrual of tax revenues as at March 31. These accrued receivables are not due until the next fiscal year. They also include other receivables for amounts collected through the tax system such as provincial and territorial taxes, employment insurance premiums and Canada Pension Plan.

The Government has established an allowance for doubtful accounts of $9,486 million ($8,735 million in 2008) based on aging and a review of individually large receivable balances and has recorded a bad debt expense of $3,216 million ($3,749 million in 2008), which is charged against other program expenses. The details of the tax receivables and allowance for doubtful accounts are as follows:

	(in millions of dollars)					
	2009			2008		
	Total tax receivables	Allowance for doubtful accounts	Net	Total tax receivables	Allowance for doubtful accounts	Net
Income tax receivables —						
Individuals	42,233	4,356	37,877	37,164	3,838	33,326
Employers	14,396	725	13,671	13,912	768	13,144
Corporations	12,164	1,770	10,394	10,686	1,456	9,230
Non-residents	1,235	151	1,084	1,117	180	937
Goods and services tax receivable	9,388	2,397	6,991	10,324	2,176	8,148
Customs duties receivable	227	25	202	269	22	247
Excise taxes and duties receivable	1,754	62	1,692	1,165	295	870
Total	81,397	9,486	71,911	74,637	8,735	65,902

Details (unaudited) can be found in Section 7 of this volume.

Other accounts receivable represent billed or accrued financial claims arising from amounts owed to the Government at year-end. Total other accounts receivable amount to $4,580 million ($4,510 million in 2008) and are presented net of an allowance for doubtful accounts of $1,329 million ($1,263 million in 2008). Further details (unaudited) can be found in Section 7 of this volume.

9. Foreign Exchange Accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. The Government holds certain investments in its Exchange Fund Account to provide general liquidity and to promote orderly conditions in the foreign exchange market for the Canadian dollar. As at March 31, 2009, the fair value of the marketable securities contained in the Exchange Fund Account is $50,674 million ($40,403 million in 2008). Subscriptions to International Monetary Fund (IMF) and special drawing rights allocations are denominated in special drawing rights (SDR). SDR serves as the unit of account for the IMF and its value is based on a basket of key international currencies. SDRs are recorded at fiscal year-end market value. Further details on these investments are provided in the audited financial statements of the Exchange Fund Account in Section 8 of this volume.

The following table presents the balances of the foreign exchange accounts:

	(in millions of dollars)	
	2009	2008
International reserves held in the Exchange Fund Account —		
Cash and short-term deposits		
US dollars	548	1,586
Euros	272	244
Japanese yen	106	86
	926	1,916
Marketable securities		
US dollars	27,404	17,281
Euros	21,641	22,095
Japanese yen		515
	49,045	39,891
Other assets	1,223	1,097
Total	51,194	42,904
International Monetary Fund — Subscriptions	12,011	10,752
Total	63,205	53,656
Less:		
International Monetary Fund —		
Notes payable	10,027	10,041
Special drawing rights allocations	1,469	1,316
Total	11,496	11,357
Total foreign exchange accounts	51,709	42,299

Details (unaudited) can be found in Section 8 of this volume.

10. Crown Corporations and Other Entities

The Government wholly owns forty-two parent Crown corporations. There are also a number of not-for-profit corporations and other government business enterprises that meet the definition of control for financial reporting purposes and that are included in the reporting entity of the Government.

Some of these corporations rely on the Government for most of their financing. There are twenty-four parent Crown corporations and five not-for-profit corporations whose financial activities are consolidated in these financial statements. The major consolidated Crown corporations are Atomic Energy of Canada Limited, Canadian Air Transport Security Authority, Canadian Broadcasting Corporation and VIA Rail Canada Inc. The major consolidated not-for-profit corporations are the Canada Foundation for Innovation and the Canada Foundation for Sustainable Development Technology. Details (unaudited) of these corporations are included in Section 4 of this volume.

Other Crown corporations are government business enterprises that are able to raise substantial portions of their revenues through commercial business activity and are self-sustaining. These Crown corporations are called enterprise Crown corporations. The major enterprise Crown corporations include the Bank of Canada, Canada Mortgage and Housing Corporation, Canada Post Corporation and Export Development Canada.

There are also a number of self-sustaining government business enterprises that are not considered Crown corporations within the meaning of the *Financial Administration Act*, but which are controlled by the Government. These are referred to as other government business enterprises. The major other government business enterprises include The Canadian Wheat Board and the Vancouver Fraser Port Authority.

For enterprise Crown corporations and other government business enterprises, the Government records these investments under the modified equity method, whereby the cost of its equity is reduced by dividends received and adjusted to include the annual net profits and losses of these corporations, after elimination adjustments of unrealized inter-organizational gains and losses. Most corporations follow Canadian generally accepted accounting principles used by private sector companies. However, under the modified equity basis of accounting, the corporations' accounts are not adjusted to the Government's basis of accounting. Other comprehensive loss or income from enterprise Crown corporations and other government business enterprises is recorded directly to the Government's accumulated deficit and net debt. Their assets and liabilities are not included in these financial statements, except for their borrowings, which are recorded as liabilities of the Government when they are not expected to be repaid directly by these corporations.

The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

The following table presents the Government's recorded loans, investments and advances in significant enterprise Crown corporations and other government business enterprises:

	(in millions of dollars)	
	2009	2008
Investments —		
Canada Mortgage and Housing Corporation	8,780	7,287
Export Development Canada	6,377	5,923
Business Development Bank of Canada	2,189	1,867
Canada Post Corporation	1,584	1,457
Farm Credit Canada	2,276	1,777
Canada Deposit Insurance Corporation	970	1,004
Other	2,991	2,892
Total investments	25,167	22,207
Loans and advances —		
Canada Mortgage and Housing Corporation	61,863	4,393
Farm Credit Canada	11,450	3,840
Business Development Bank of Canada	7,284	1,000
Other	139	134
	80,736	9,367
Less:		
Amount expected to be repaid from future appropriations	1,861	1,388
Unamortized discounts and premiums	-7	19
Total loans and advances	78,882	7,960
Total loans, investments and advances to enterprise Crown corporations and other government business enterprises	104,049	30,167

Details (unaudited) can be found in Section 9 of this volume.

The following table presents the summary financial position and results of enterprise Crown corporations and other government business enterprises:

	(in millions of dollars)	
	2009	2008
Assets (including capital assets, inventories and prepaid expenses of $8,764 ($8,299 in 2008))	410,148	276,882
Liabilities	385,097	254,758
Net equity as reported	25,051	22,124
Elimination adjustments	116	83
Net equity	25,167	22,207
Revenues	33,339	29,536
Expenses	28,709	25,341
Net income for the year as reported	4,630	4,195
Elimination adjustments	143	60
Net income	4,773	4,255
Other changes in equity —		
Other comprehensive loss (-) or income	-318	34
Dividends [1]	-2,095	-2,436
Capital	600	
	2,960	1,853
Opening net equity	22,207	20,354
Closing net equity	25,167	22,207
Contractual obligations	20,295	11,179
Contingent liabilities	4,260	3,344

Details (unaudited) can be found in Section 9 of this volume.

[1] Amounts reported as dividends include $1,757 million ($1,921 million in 2008) from the Bank of Canada.

Non Public Property (NPP), as defined under the *National Defence Act*, consists of money and property contributed to or by Canadian Forces members and is administered for their benefit and welfare by the Canadian Forces Personnel and Family Support Services (CFPFSS). The CFPFSS is responsible for delivering selected morale and welfare programs, services and activities through three operational divisions, Canadian Forces Exchange System (CANEX), Personnel Support Programs and Service Income Security Insurance Plan (SISIP) Financial Services. Under the *National Defence Act*, NPP is explicitly excluded from the *Financial Administration Act*. The Government provides some services related to NPP activities such as accommodation and security for which no charge is made. The cost of providing these services is included in the financial statements of the Government of Canada. In 2008-2009, CFPFSS administered estimated revenues and expenses of $294 million ($305 million in 2008) and $342 million ($300 million in 2008) respectively and net equity of $519 million at March 31, 2009 ($560 million at March 31, 2008) which are excluded from the financial statements of the Government of Canada.

11. Other Loans, Investments and Advances

The following table presents a summary of the balances of other loans, investments and advances by category:

	(in millions of dollars)	
	2009	2008
National governments, including developing countries and international organizations —		
National governments including developing countries	737	554
International organizations	15,381	14,476
Total	16,118	15,030
Other loans, investments and advances —		
Provincial and territorial governments	3,527	3,744
Other loans, investments and advances	20,509	19,511
Total	24,036	23,255
Total	40,154	38,285
Less: allowance for valuation	19,110	17,583
Total other loans, investments and advances	21,044	20,702

Details (unaudited) can be found in Section 9 of this volume.

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and loans for development of export trade which are administered by Export Development Canada. These loans bear interest at rates varying from 0 percent to 9.0 percent, and are repayable over 1 to 55 years, with final instalments in 2045.

Loans, investments and advances to international organizations include Canada's subscriptions to the share capital of international banks as well as loans and advances to associations and other international organizations. These subscriptions are composed of both paid-in and callable capital. They do not provide a return on investment but are repayable on termination of the organization or withdrawal from it. Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms.

Loans to provinces and territories include loans made under relief acts and other legislation. These loans bear interest at rates varying from 0 percent to 9.5 percent, and are repayable over 1 to 50 years, with final instalments in 2016.

Other loans, investments and advances include portfolio investments and loans and advances under various programs to individuals and organizations which include loans under the Canada Student Loans Program of $11,865 million ($10,908 million in 2008), and loans for development of export trade which are administered by Export Development Canada of $2,352 million ($1,890 million in 2008). Loans under the Canada Student Loans Program are provided interest-free to full-time students and afterwards bear interest at either a variable prime rate plus 2.5 percent or a fixed prime rate plus 5.0 percent. The repayment period is generally 10 years. Loans for development of export trade bear interest at rates varying from 0 percent to 9.0 percent, and are repayable over 1 to 20 years, with final instalments in 2022.

12. Tangible Capital Assets

Tangible capital assets consist of acquired, built, developed or improved tangible assets, whose useful life extends beyond the fiscal year and which are intended to be used on an ongoing basis for producing goods or delivering services, including military activities. They include land, buildings, works and infrastructure, machinery and equipment, vehicles including ships, aircraft and others, leasehold improvements and assets under construction. Software and leasehold improvements include only the cost of assets acquired since April 1, 2001. Tangible capital assets also include assets under capital leases for which details are provided in Section 10 of this volume.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*. In addition, the cost of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints, photographs, monuments, films and videos are charged to expense in the fiscal year in which they are acquired.

Except for land, the cost of tangible capital assets used in Government operations is generally amortized on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	20 to 40 years
Works and infrastructure [1]	5 to 40 years
Machinery and equipment	3 to 30 years
Vehicles	3 to 40 years
Leasehold improvements	lesser of useful life of improvement or lease term
Assets under construction	once in service, in accordance with asset type
Assets under capital leases	in accordance with asset type or over the lease term

[1] Except for the Confederation Bridge, which is amortized over 100 years.

The following table presents a summary of the transactions and balances for the main categories of tangible capital assets:

	(in millions of dollars)											
	Cost					Accumulated amortization						
	Opening balance	Acquisitions	Disposals	Adjustments[1]	Closing balance	Opening balance	Amortization expense	Disposals	Adjustments	Closing balance	Net book value 2009	Net book value 2008
Land	1,370	16	-12	36	1,410						1,410	1,370
Buildings	18,933	126	-59	1,068	20,068	9,967	738	-39	18	10,684	9,384	8,966
Works and infrastructure	11,312	87	-135	176	11,440	6,453	354	-93	-17	6,697	4,743	4,859
Machinery and equipment	23,085	894	-708	1,494	24,765	13,914	1,432	-273	475	15,548	9,217	9,171
Vehicles	33,497	547	-252	1,336	35,128	19,605	1,265	-107	286	21,049	14,079	13,892
Leasehold improvements	1,827	51	-16	73	1,935	1,021	144	-15		1,150	785	806
Assets under construction	8,799	4,319	-28	-2,815	10,275						10,275	8,799
Assets under capital leases	4,707	209	-95	209	5,030	1,395	243	-37	-4	1,597	3,433	3,312
Total	103,530	6,249	-1,305	1,577	110,051	52,355	4,176	-564	758	56,725	53,326	51,175

Details (unaudited) can be found in Section 10 of this volume.

[1] Adjustments include assets under construction of $3,083 million that were transferred to other categories upon completion of the assets.

13. Financial Instruments

The Government uses various financial instruments to manage financial risks associated with its financial assets and liabilities. The Government does not hold or use derivative instruments for trading or speculative purposes.

i. Derivative financial instruments

(a) Swap agreements

Government debt is issued at both fixed and variable interest rates and is denominated in Canadian dollars, US dollars and Euros. The Government has entered into interest rate and cross currency swap agreements to facilitate management of its debt structure. In the case of interest rate swap agreements, fixed interest rate funding has been converted to variable rates tied to the Banker's Acceptance rates or London Interbank Offered Rates (LIBOR). In the case of cross currency swap agreements, Canadian dollar and other foreign currency debt has been converted into US dollars or other foreign currencies with either fixed interest rates or variable interest rates. As a normal practice, the Government's swap positions are held to maturity.

The interest paid or payable and the interest received or receivable on all swap transactions are recorded as part of public debt charges. Unrealized gains or losses due to fluctuations in the foreign exchange value of the swaps are presented in the cross currency swap revaluation account and are recognized as part of foreign exchange net revenues in the Statement of Operations and Accumulated Deficit.

Swaps with contractual or notional principal amounts outstanding at March 31 are as follows:

	(in millions of dollars)			
	2009		2008	
Maturing year	Interest rate swaps Canadian $	Cross currency swaps Canadian $	Interest rate swaps Canadian $	Cross currency swaps Canadian $
2009			1,232	2,549
2010		3,893		3,592
2011		3,000		2,803
2012		2,630		2,236
2013		3,595		2,713
2014		4,286		3,144
2015 and subsequent		22,610		14,453
		40,014	1,232	31,490

(b) Credit risk related to swap agreements

The Government manages its exposure to credit risk by dealing principally with financial institutions having credit ratings from at least two recognized rating agencies, one of which must be Standard & Poor's or Moody's. At the time of inception of the agreement, the credit rating of the institution must be at least A-.

The Government does not have a significant concentration of credit risk with any individual institution and does not anticipate any counterparty credit loss with respect to its swap agreements.

The following table presents the notional amounts of the swap agreements by ratings assigned by Standard & Poor's at year end:

	(in millions of dollars)	
Standard & Poor's	2009	2008
AA+		5,212
AA	5,155	11,982
AA-	14,397	9,827
A+	6,280	5,496
A	4,948	205
A -	3,385	
BBB	5,849	
	40,014	32,722

ii. Managing foreign currency risk and sensitivity analysis to foreign currency exposures

Interest rate and foreign currency risks are managed using a strategy of matching the duration structure and the currency of the Exchange Fund Account (EFA) assets and the related foreign currency borrowings of the Government of Canada. As at March 31, 2009, the EFA assets and the liabilities funding these assets were effectively "matched", which means that most price changes would affect both sides of the Statement of Financial Position equally. Assets related to the International Monetary Fund are only partially matched, as they are denominated in Special Drawing Rights.

The Government of Canada's foreign currency assets and liabilities are held in mainly three currency portfolios: the US dollar, the Euro and the Japanese yen. At March 31, 2009, a 1 percent appreciation of the Canadian dollar versus the US dollar, the Euro and the Japanese yen would result in a foreign exchange gain of $17 million due to the unmatched exposure of the US dollar portfolio and in a foreign exchange loss of $3 million due to the unmatched exposure of the Euro portfolio. The Japanese yen portfolio is matched in terms of currency exposure at March 31, 2009.

iii. Fair values of financial instruments

(a) Liabilities and financial assets

The following table presents the carrying value and the fair value of liabilities and financial assets. Fair values are Government estimates and are generally calculated using market conditions at a specific point in time where a market exists. Fair values of instruments with a short life span or of a non-negotiable nature are assumed to approximate carrying values. Fair values may not reflect future market conditions nor the actual values obtainable should the instrument be exchanged on the market. The calculations are subjective in nature and involve inherent uncertainties due to the unpredictability of future events.

	(in millions of dollars)					
	2009			2008		
	Carrying value	Fair value	Fair value over under (-) carrying value	Carrying value	Fair value	Fair value over under (-) carrying value
Liabilities —						
Accounts payable and accrued liabilities	113,999	113,999		110,463	110,463	
Unmatured debt	514,020	561,964	47,944	390,697	430,946	40,249
Public sector pensions	139,909	155,877	15,968	137,371	138,874	1,503
Other employee and veteran future benefits	50,311	79,947	29,636	47,901	67,480	19,579
Other liabilities	5,923	5,923		5,895	5,895	
Financial Assets —						
Cash and accounts receivable	122,147	122,147		82,878	82,878	
Foreign exchange accounts	51,709	53,457	1,748	42,299	42,909	610
Loans, investments and advances excluding investments in enterprise Crown corporations	99,926	104,925	4,999	28,662	30,563	1,901

Fair values are determined using the following methods and assumptions:

The carrying values of short-term financial instruments are assumed to approximate their fair values due to their short-term maturity and allowances to reduce carrying values. These include cash, tax and other accounts receivable, other accounts payable and accrued liabilities, tax payables and interest and matured debt.

For marketable bonds denominated in Canadian dollars and foreign currencies, treasury bills issued in Canadian dollars, Euro medium-term notes and Canada notes, fair values are established using market quotes or the discounted cash flow calculated using year-end market interest and exchange rates. The fair value of bonds issued to the Canada Pension Plan are established using discounted cash flows based on current market yields of instruments with similar characteristics, adjusted for the non-marketability and rollover provisions on the bonds. Fair values of other instruments comprising the unmatured debt are deemed to approximate carrying values due to their short life span or their non-negotiable nature.

The fair values of public sector pensions and other employee and veteran future benefits liabilities are assumed to approximate the actuarial value of the accrued benefit obligations net of the fair values of the pension plan assets, which are established at market value for investments and at a discounted net present value for other plan assets.

Fair values of the securities and gold reserves held in the foreign exchange accounts are established using market quotes or other available market information. Financial claims and obligations with the International Monetary Fund denominated in foreign currencies are reported at Canadian dollar equivalents at March 31, which are assumed to approximate fair value.

Fair values of loans to enterprise Crown corporations are established using market quotes or the discounted cash flow calculated using year-end market interest rates. For portfolio or temporary investments, fair values are established using stock market quotes or other available information.

Fair values of other loans, investments and advances are assumed to approximate carrying values since allowances are used to reduce their carrying value to amounts that approximate their estimated realizable value.

(b) Derivative financial instruments

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

	(in millions of dollars)			
	2009		2008	
	Notional value	Fair value	Notional value	Fair value
Interest rate and cross currency swaps	40,014	-2,225	32,722	1,924

Fair values of the swap agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap agreements using year-end market interest and exchange rates. A positive (negative) fair value indicates that the Government would receive (make) a payment if the agreements were terminated.

14. Contractual Obligations

The nature of government activity results in some large multi-year contracts and agreements including thousands of international treaties, protocols and agreements of various size and importance. Any financial obligations resulting from these are recorded as a liability when the terms of these contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. Major contractual obligations that will generate expenditures in future years and that can be reasonably estimated are summarized as follows:

	(in millions of dollars)	
	2009	2008
Transfer payment agreements	56,533	44,639
Acquisition of property and equipment, and goods and services	21,537	18,449
Operating leases	3,010	2,403
International organizations	3,653	1,791
	84,733	67,282

Details (unaudited) can be found in Section 11 of this volume.

Estimated future expenditures related to these contractual obligations are as follows:

Year	(in millions of dollars)
2010	18,009
2011	12,917
2012	9,278
2013	8,155
2014	6,944
2015 and subsequent	29,430
	84,733

Details (unaudited) can be found in Section 11 of this volume.

i. Transfer payment agreements

Obligations related to transfer payment agreements include an amount of $25,678 million ($26,525 million in 2008) related to various contractual obligations of the Government through the Minister's account held at Canada Mortgage and Housing Corporation (CMHC) for social housing programs. Honouring these obligations currently amounts to about $1,700 million per year. The amounts reported for CMHC under obligations for transfer payment agreements for fiscal year 2008-2009 reflect the total estimated remaining contractual obligations that extend for periods up to 35 years.

ii. Operating leases

The Government rents premises and equipment under operating leases which expire at various dates. Future minimum lease payments as at March 31, 2009, total $3,010 million ($2,403 million in 2008).

15. Contingent Liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into contingent liabilities related to: guarantees by the Government, international organizations, contaminated sites, claims and pending and threatened litigation, and insurance programs.

i. Guarantees by the Government

The guarantees of the Government include the guarantees of the borrowings of agent enterprise Crown corporations, of certain other government business enterprises and of non-agent enterprise Crown corporations, guarantees of certain loans made by agent enterprise Crown corporations, guarantees, either collective or specific, of the loans of certain individuals and businesses obtained from private sector and guarantees of Government insurance programs. At March 31, 2009, these guarantees amount to $210,797 million ($181,253 million in 2008) for which an allowance of $514 million ($602 million in 2008) has been recorded.

ii. International organizations

The Government has callable share capital in certain international organizations that could require payments to those agencies. As at March 31, 2009, callable share capital amounts to $15,901 million ($13,236 million in 2008).

iii. Contaminated sites

The Government has identified approximately 20,000 sites for assessment, remediation and monitoring. Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites and unexploded explosive ordnance affected sites where the Government is obligated or likely obligated to incur such costs. The Government has identified approximately 2,010 sites (2,390 sites in 2008), where such action is possible and for which a liability of $3,230 million ($3,661 million in 2008) has been recorded as part of the environmental liabilities.

The Government has estimated additional clean-up costs for which it may be potentially liable of $1,890 million ($2,203 million in 2008). These costs are not accrued as the Government's obligation to incur these costs is not determinable. The Government's ongoing efforts to assess contaminated sites and unexploded explosive ordnance affected sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any additional liabilities will be accrued in the year in which they become known and are reasonably estimated.

iv. Claims and pending and threatened litigation

There are thousands of claims and pending and threatened litigation cases outstanding against the Government. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The Government has recorded an allowance for claims and litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigation for which the outcome is not determinable and a reasonable estimate can be made are estimated at approximately $5,700 million ($5,400 million in 2008). Certain large and significant claims are described below:

Comprehensive land claims: Comprehensive land claims are negotiated in areas where aboriginal title has not been dealt with by treaty or by other legal methods. In such cases, the claim is based on an aboriginal group's traditional use and occupancy of that land. There are currently 76 (75 in 2008) comprehensive land claims under negotiation, accepted for negotiation or under review. A liability of $3,500 million ($3,400 million in 2008) is estimated for claims that have progressed to a point where quantification is possible. The remaining claims are still in the early stage of negotiations and cannot yet be quantified.

Assessed taxes under objection or appeal: As at March 31, 2009, an amount of $13,778 million ($10,353 million in 2008) of federal and provincial taxes assessed was under objection at Canada Revenue Agency and an amount of $2,429 million ($2,134 million in 2008) was under appeal at either the Tax Court of Canada, the Federal Court of Canada or the Supreme Court of Canada.

Other: In September 1999, the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act* were amended to enable the federal government to deal with excess amounts in the superannuation accounts and pension funds governed by these Acts. The legal validity of these provisions has since been challenged in the Ontario Superior Court of Justice. On November 20, 2007, the Court rendered its decision and dismissed all the claims of the plaintiffs. Several of the plaintiffs are currently appealing this decision to the Ontario Court of Appeal. The outcome of these appeals is not determinable at this time.

v. Insurance programs

Three agent enterprise Crown corporations operate insurance programs for the Government. In the event that the corporations have insufficient funds, the Government will have to provide financing. The Canada Deposit Insurance Corporation operates the Deposit Insurance Fund which provides basic protection coverage to depositors for up to $100,000 deposited with each member bank, trust or loan company; Canada Mortgage and Housing Corporation operates the Mortgage Insurance Fund which provides insurance for mortgage lending on Canadian housing by private institutions and the Mortgage-Backed Securities Guarantee Fund which guarantees the timely payment of the principal and interest for investors of securities based on the *National Housing Act* through the Mortgage-Backed Securities program and the bonds issued by the Canada Housing Trust through the Canada Mortgage Bond program; and Export Development Canada provides export and foreign investment insurance to help with export trade. At March 31, 2009, total insurance in force amounts to $1,245,234 million ($1,032,969 million in 2008 – restated). The Government expects that all three corporations will cover the cost of both current claims and possible future claims.

Further details (unaudited) can be found in Section 11 of this volume.

16. Segmented information

The presentation by segment is based on the ministry structure reported in the 2008-2009 Estimates, which represents the grouping of the activities for the departments and agencies for which a Minister is responsible, and the Crown corporations and other entities as described in Note 10. The five main ministries are reported separately and the others are regrouped with the provision for valuation and other items.

The presentation by segment is based on the same accounting policies as those described in the Summary of significant accounting policies in Note 1. The following tables present the Statement of Operations by Ministry and Crown corporation and other entity before the elimination of internal transactions for the year ended March 31:

(in millions of dollars)

	2009								
	Canada Revenue Agency	Finance	Human Resources and Skills Development	National Defence	Public Safety and Emergency Preparedness	Other ministries	Crown corpo-rations and other entities	Adjustments[1]	Total
REVENUES									
TAX REVENUES —									
Income tax revenues	151,798								151,798
Other taxes and duties	17,184				22,622				39,806
TOTAL TAX REVENUES	**168,982**				**22,622**				**191,604**
EMPLOYMENT INSURANCE PREMIUMS			***17,217***					***-330***	***16,887***
OTHER REVENUES —									
Crown corporation revenues							13,715	-5,955	7,760
Other program revenues	3,961	1,030	3,568	515	1,780	11,452	645	-7,846	15,105
Foreign exchange net revenues		1,736							1,736
Total other revenues	*3,961*	*2,766*	*3,568*	*515*	*1,780*	*11,452*	*14,360*	*-13,801*	*24,601*
TOTAL REVENUES	***172,943***	***2,766***	***20,785***	***515***	***24,402***	***11,452***	***14,360***	***-14,131***	***233,092***
EXPENSES									
TRANSFER PAYMENTS —									
Old age security benefits, guaranteed income supplement and spouse's allowance			33,377						33,377
Other levels of government		45,615			9	1,015		-124	46,515
Employment insurance benefits			16,308						16,308
Children's benefits	9,368		2,533						11,901
Other transfer payments	395	870	2,678	198	215	25,440	850	-454	30,192
Total transfer payments	*9,763*	*46,485*	*54,896*	*198*	*224*	*26,455*	*850*	*-578*	*138,293*
Other program expenses —									
Crown corporation expenses							8,205	-139	8,066
Other program expenses	7,231	499	7,563	18,763	9,072	30,824		-12,454	61,498
Total other program expenses	*7,231*	*499*	*7,563*	*18,763*	*9,072*	*30,824*	*8,205*	*-12,593*	*69,564*
Total program expenses	*16,994*	*46,984*	*62,459*	*18,961*	*9,296*	*57,279*	*9,055*	*-13,171*	*207,857*
Public debt charges		***31,717***		***41***		***192***		***-960***	***30,990***
TOTAL EXPENSES	***16,994***	***78,701***	***62,459***	***19,002***	***9,296***	***57,471***	***9,055***	***-14,131***	***238,847***

Details (unaudited) providing total expenses by segment and type can be found in Section 3 of this volume.

[1] Represents consolidation adjustments to eliminate internal transactions.

(in millions of dollars)

	2008								
	Canada Revenue Agency	Finance	Human Resources and Skills Development	National Defence	Public Safety and Emergency Preparedness	Other ministries	Crown corpo-rations and other entities	Adjustments[1]	Total
REVENUES									
TAX REVENUES —									
Income tax revenues	159,384								159,384
Other taxes and duties	19,482				24,725				44,207
TOTAL TAX REVENUES	**178,866**				**24,725**				**203,591**
EMPLOYMENT INSURANCE PREMIUMS			***16,877***					***-319***	***16,558***
OTHER REVENUES —									
Crown corporation revenues							11,934	-5,430	6,504
Other program revenues	4,515	829	4,373	501	1,628	9,040	311	-7,302	13,895
Foreign exchange net revenues		1,872							1,872
Total other revenues	*4,515*	*2,701*	*4,373*	*501*	*1,628*	*9,040*	*12,245*	*-12,732*	*22,271*
TOTAL REVENUES	***183,381***	***2,701***	***21,250***	***501***	***26,353***	***9,040***	***12,245***	***-13,051***	***242,420***
EXPENSES									
TRANSFER PAYMENTS —									
Old age security benefits, guaranteed income supplement and spouse's allowance			31,955						31,955
Other levels of government		45,341			3	808			46,152
Employment insurance benefits			14,298						14,298
Children's benefits	9,420		2,474						11,894
Other transfer payments	607	286	2,130	176	137	23,048	765	-117	27,032
Total transfer payments	*10,027*	*45,627*	*50,857*	*176*	*140*	*23,856*	*765*	*-117*	*131,331*
Other program expenses—									
Crown corporation expenses							7,574	-234	7,340
Other program expenses	7,607	518	6,778	17,553	8,033	31,096		-10,758	60,827
Total other program expenses	*7,607*	*518*	*6,778*	*17,553*	*8,033*	*31,096*	*7,574*	*-10,992*	*68,167*
Total program expenses	*17,634*	*46,145*	*57,635*	*17,729*	*8,173*	*54,952*	*8,339*	*-11,109*	*199,498*
Public debt charges		***35,062***		***39***		***166***		***-1,942***	***33,325***
TOTAL EXPENSES	***17,634***	***81,207***	***57,635***	***17,768***	***8,173***	***55,118***	***8,339***	***-13,051***	***232,823***

Details (unaudited) providing total expenses by segment and type can be found in Section 3 of this volume.

[1] Represents consolidation adjustments to eliminate internal transactions.

17. Subsequent events

Financial assistance to the automotive sector

The Governments of Canada and Ontario have jointly announced financial assistance to the automotive sector. Amounts were disbursed between March 30, 2009 and July 15, 2009, with one-third of the assistance indicated being provided by Ontario and the remaining by Canada. Canada has entered into various loan agreements resulting in loans being provided to Chrysler and General Motors and the acquisition of membership interests in Chrysler and common and preferred shares in a restructured General Motors.

Loans made to Chrysler total $3,605 million, of which $2,884 million has been disbursed to date. Repayment of these loans is scheduled to be completed by 2017. Of the total disbursements, $250 million was disbursed and recorded as at March 31, 2009.

As additional consideration for providing loans to Chrysler, Canada has acquired 24,615 class A membership interests, representing 2 percent of the membership interests in Chrysler.

Loans to General Motors total US $1,477 million, all of which has been disbursed subsequent to year end. Repayment of these loans is scheduled to be completed by 2015.

In exchange for US $8,022 million paid to General Motors subsequent to year end, Canada has acquired 16,101,695 series A preferred shares and 58,368,644 common shares, representing 4.5 percent and 11.7 percent of the outstanding preferred and common shares respectively.

The impact of these transactions will be reflected in the 2009-2010 financial statements.

Canadian Secured Credit Facility (CSCF)

The CSCF was announced in Budget 2009 to purchase up to $12,000 million of term asset-backed securities backed by loans and leases on vehicles and equipment. The facility is managed by the Business Development Bank of Canada (BDC) within parameters jointly developed by the Department of Finance, Industry Canada, and BDC following a consultation process. The program was designed to reflect reasonable commercial terms and to encourage the return of a secondary market for this type of asset-backed security. To date, no drawings have been made on this facility. The financial impact of drawings on this facility will be reflected in the enterprise Crown corporations and other government business enterprises loans, investments and advances on the Statement of Financial Position through the adjustment to include the financial results of BDC in the year the drawings occur.

International Monetary Fund (IMF) Commitment

On July 8, 2009, the Government of Canada and the IMF signed a bilateral borrowing agreement, up to US $10,000 million, between Canada and the IMF for additional temporary resources for member countries requiring balance of payment assistance during the economic crisis. The impact of this commitment, once finalized, will be reflected in the 2009-2010 financial statements.

SUPPLEMENTARY INFORMATION
OBSERVATIONS OF THE AUDITOR GENERAL
ON THE
FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA
FOR THE YEAR ENDED MARCH 31, 2009

For the eleventh consecutive year, the government has received an unqualified audit opinion on the summary financial statements. I congratulate the government on this accomplishment, especially because an unqualified audit opinion is achieved by few countries. Each year, this involves a great deal of work by public servants throughout government, both in individual departments and in central agencies. I thank those involved for their assistance and for the co-operation extended to my Office during our audit.

The purpose of these Observations is to comment on matters that have come to my attention during the audit of the current year's summary financial statements and that will require continuing attention in future years.

CANADA'S ECONOMIC ACTION PLAN

In 2008 and early 2009, the global economic situation deteriorated significantly. In the November 2008 Economic and Fiscal Update and the subsequent Canada's Economic Action Plan (Budget 2009), the government announced and introduced various financial and economic stimulus measures. The government is providing up to $200 billion to improve access to financing for both businesses and consumers and has committed over $40 billion in economic stimulus initiatives. Much of this spending will occur in 2009–10 and 2010–11.

As part of my audit of the summary financial statements, I reviewed the government's disclosure of the various financial and economic initiatives in the notes to the summary financial statements. I concluded that the government's accounting and disclosures of the new measures are adequately reported in the 2008–09 summary financial statements. As well, I am pleased to note that Volume I, Section 1 of the Public Accounts includes a discussion about the economic stimulus commitments made during the fiscal year–such as investment in infrastructure spending.

MANAGEMENT ESTIMATES—TAX REVENUES

Tax revenues are the largest and most complex of the management estimates in the government's financial statements. Due to the deterioration in the global economic situation, certain corporations operating in hard-hit sectors of the economy have experienced significant financial losses. Current and prior year changes to assessed tax revenue for these corporations account for a significant portion of the $11 billion decrease in corporate tax revenues from the previous year as reported in the 2008–09 Statement of Operations.

The methodology for estimating tax revenues used by the Canada Revenue Agency is primarily based on an average of previous years' experience. For this year's audit, we also reviewed selected corporations' tax information and the impact of these current year operating results on the government's estimated corporate tax revenues. For 2009, I have concluded that the government's estimate for corporate tax revenue is presented fairly in the government's financial statements. As this is the first year where the accrual methodology will be tested in a significant economic downturn, it will be important for the government to use this experience to identify and implement further improvements to its methodology to ensure it continues to provide a reliable management estimate of tax revenues.

DEPARTMENTAL FINANCIAL STATEMENTS

This year, my Office has continued to follow the progress on the initiative of the government to transform and strengthen public sector financial management, which included a plan to have the annual financial statements of 22 large departments audited.

I reported last year that my Office would undertake a review of the readiness of the Department of Justice to undergo an audit using reliance upon controls as the primary source of audit assurance. I am pleased to report that I have recently signed the first audit opinion for departmental financial statements, and issued an unqualified opinion on the Department of Justice's financial statements. Senior management of the Department of Justice is to be congratulated on its commitment to this initiative.

Having the first of the 22 large departments undergo an external audit of their financial statements is an important step toward the objective of improving internal controls and providing credible financial information.

During the fall of 2009, my Office will undertake a review of the readiness of Industry Canada for a controls-reliant approach to the audit of their financial statements. Management of Industry Canada and the Office of the Comptroller General have determined that the Department is ready for a controls-based audit. In addition, one other department anticipates being ready for an audit during the 2009–10 fiscal year and six departments have indicated their readiness by the 2010–11 fiscal year. The remaining departments have indicated they will be ready at various times after 2011.

I continue to say that when departments are ready for an audit, my Office will gladly play its part in the process. The Office of the Comptroller General must continue to provide leadership in this project, which includes the resolution of the outstanding significant accounting and reporting issues related to departmental financial statements.

ACCRUAL APPROPRIATIONS BY DEPARTMENTS AND AGENCIES

I reported last year that the government had outlined a plan to implement accrual-based budgeting in phases, and would complete an evaluation of the costs and benefits of accrual appropriations in the 2012–13 fiscal year, after accrual-based budgeting had been implemented. Accrual-based appropriations would provide Parliament with a basis for control and approval over voted spending that is on the same basis as the overall government financial plan and the summary financial statements.

As I noted last year, and I continue to observe, the government has not yet made a commitment on an implementation date for adopting accrual appropriations, nor provided a clear explanation of why it would not be prudent to do so.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The move to International Financial Reporting Standards (IFRSs) is an important change to Canadian financial reporting. The conversion to IFRSs could have a significant impact on the underlying accounting policies for entities subject to these requirements. This change may affect most federal Crown corporations. The adoption of IFRSs by federal Crown corporations can have an impact on the government's financial statements. It will be necessary to harmonize the accounting policies of some Crown corporations in order to report the consolidated results in the government's financial statements. This year, my Office has continued to follow the progress made by the Government and the Crown corporations in preparation of the conversion to IFRSs.

The official date of the changeover to IFRSs conversion is for fiscal years beginning on or after January 1, 2011. However, comparative numbers are required to ensure they are properly presented under IFRSs. Therefore, well before 2011, those Crown corporations adopting IFRSs must have analyzed the differences between the current accounting policies and IFRSs; must have selected the appropriate accounting policies when choices exist, and must have made required changes to underlying processes and information systems. Complying with the changeover to international standards involves a rigorous conversion process and a significant investment in human and financial resources in order to meet the deadline.

Operational working committees have been created in order to build a network of Crown corporations and to address specific IFRS conversion issues. In addition, many of the federal organizations affected have identified or are in the process of identifying differences between their current accounting policies and IFRSs, and any required changes to underlying processes and information systems.

I am pleased that the government and the federal Crown corporations are working toward the transition to International Financial Reporting Standards and have adopted a process that would help identify issues early. These initiatives will provide valuable assistance to Crown corporations dealing with IFRS implementation.

STATUS OF ITEMS REPORTED IN PREVIOUS YEARS

Observation	Current status
Canada Revenue Agency—Estimate for Corporate Tax Revenue	Accrual accounting for tax revenues is intended to ensure that the government recognizes tax revenues in the period when the taxable activity occurs, rather than when the government receives the cash. Tax revenues are the most significant estimate in the government's financial statements. It is important that the government regularly monitor the reliability of its estimation processes and modify them, where necessary, to improve the accuracy of its reported tax revenues. Since the introduction of accrual accounting in 2003, my Office has regularly expressed to the government the need for constant monitoring and improvement of the process by which it produces the year-end tax revenue estimates. For two years, I reported that the government's own analyses indicated that there had been a recurring understatement of tax revenues earned but not yet assessed, particularly in the area of corporate tax revenues. These amounts, while under-estimated in the year they are earned, are included in the following year's tax revenue. In response to a subsequent request from the Standing Committee on Public Accounts for modifications to the tax revenue estimation methodology, several changes to the methodology have been implemented for the March 31, 2008 and 2009 tax revenue estimates. Updated analyses now show that the recurring understatement of corporate tax revenues by tax year has been reduced from prior-year levels. Some of these improvements can be directly related to the government's changes to its methodology. The impact of methodology changes on the overall accuracy of the government's reported corporate tax revenues will only be known in the future when tax assessments are completed.
Canada Revenue Agency—Allowance for Doubtful Accounts	The allowance for doubtful tax receivables must be assessed each year ($9.5 billion in 2009 and $8.7 billion in 2008). In 2008, the government implemented a new methodology for determining this significant management estimate. I reported that there were delays in finalizing this management estimate as a result of data integrity problems, concerns about the validity of management assumptions and calculation errors. In addition, I commented that the Office of the Comptroller General and the Department of Finance should have more actively monitored the progress of this important project. For 2009, I have concluded that the Canada Revenue Agency's estimate of the allowance for doubtful accounts is presented fairly in the government's financial statements. I also observed that the Canada Revenue Agency has implemented methodology and project management improvements in response to the three areas of weakness reported last year. It remains important for the Canada Revenue Agency to complete all of the planned enhancements to the methodology for allowance for doubtful accounts, and to continue monitoring and improving its control procedures over the process. In addition, the Office of the Comptroller General and the Department of Finance need to ensure they provide the necessary oversight and challenge function on the changes to the methodology.

Observation	Current status
Canada Border Services Agency—Tax revenue system deficiencies	For several years, I have stated that the Canada Border Services Agency needs to improve its tax revenue accounting systems and practices. Its accrual of tax revenues is assessment-based and it gathers data primarily from the various tax program systems. These were not designed to function as accounting systems. Each year, significant adjustments to accounting data are necessary to report revenues and receivables on an accrual basis. This manipulation of data involves complex and cumbersome manual processing and reconciliation. Despite these efforts, differences still exist between the amounts receivable in the general ledger and the various reports taken from the tax program systems in support of the reported amounts. Management of the Canada Border Services Agency has identified underlying causes of some of their unreconciled differences. However, unexplained differences continue to remain at year-end.
National Defence—Inventory, repairable spare parts, and realty asset records	For many years, I have observed the difficulties National Defence has experienced in the proper recording and valuation of its inventory and repairable spare parts. I acknowledge the progress National Defence has made and the importance the Department has placed on continued improvements in the accounting systems and practices in this area, including the recognition of the capitalized value of previously expensed parts and the supporting policy development. However, issues remain such as pricing and the timely recording of transactions. Continued action by National Defence is needed to ensure that the value of inventory and repairable spare parts is properly recorded. National Defence has also had issues related to the proper recording and amortizing of the costs of its capital assets. Subledgers that are used to capture detailed data are complex and not always reconciled to the general ledger in a timely and accurate manner. The capitalization of work-in-progress and the write-off of disposed assets continue to challenge the Department. It is important that National Defence continue its work in this area to ensure that the information recorded in the general ledger is accurate, complete, and timely.
Payables at year-end policy	In previous years, it became apparent during discussions that my Office and the Treasury Board of Canada Secretariat held different interpretations of section 37.1 of the *Financial Administration Act* and of the government's policy on payables at year-end. The difference involves whether debts per section 37.1 of the *Financial Administration Act* include all items that would be recognized as liabilities. This difference results in a lack of clarity about the nature of items to be appropriately charged to an appropriation. Since 2006, the Treasury Board of Canada Secretariat issued various frameworks and related policies as part of its Policy Suite Renewal Initiative. However, the payables at year-end policy is still in the process of being revisited. In the past, I indicated to the Office of the Comptroller General that, in our view, there needs to be greater clarity regarding charges to appropriations. I have raised this issue for three years and still no changes have been implemented. I am concerned that it remains quite possible that the departments will neither charge amounts against their appropriation nor record a liability because they do not meet this legally binding definition, despite the fact that these are, in substance, liabilities. I continue to encourage the government to clarify its position with respect to the substance of these transactions. The government needs to ensure that expenditures are properly and consistently charged to appropriations and that they are recognized as liabilities at year-end. Given the importance of ensuring that expenditures are properly and consistently charged to appropriations, I encourage the Office of the Comptroller General to resolve this matter.

Observation	Current status
Audit opinion in accordance with Canadian generally accepted accounting principles	Under the auditing standards of The Canadian Institute of Chartered Accountants, I am required to report on fair presentation in accordance with Canadian generally accepted accounting principles for the public sector. However, recognizing the importance of following our legislative mandate, which requires me to give an opinion on whether the government's financial statements "… present fairly information in accordance with stated accounting policies of the federal government …," my opinion refers to both bases. The government's accounting policy indicates that its stated accounting policies are based on Canadian generally accepted accounting principles for the public sector, and that the presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles. I would prefer that the government indicate its commitment to conforming to Canadian generally accepted accounting principles.

EXPLANATION OF MY AUDIT REPORT

For readers who would like a more in-depth explanation of my audit report, I have provided that information on my website, together with my Observations (www.oag-bvg.gc.ca).

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SECTION 3

2008-2009

PUBLIC ACCOUNTS OF CANADA

Revenues, Expenses and Accumulated Deficit

CONTENTS

Page

Revenues 3.3
  Accounting for revenues 3.3
  Tax revenues 3.4
  Employment insurance premiums 3.5
  Other revenues 3.6
Expenses 3.8
  Accounting for expenses 3.8
  Expenses by segment 3.10
  Government's cost of operations 3.10
  Expenses by object 3.13
  Expenditures under statutory authorities 3.13

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REVENUES, EXPENSES AND ACCUMULATED DEFICIT

This section provides information on the revenues, expenses and accumulated deficit of the Government as summarized in Table 3.1.

A narrative description is provided for certain accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 3.1
REVENUES, EXPENSES AND ACCUMULATED DEFICIT

(in millions of dollars)

	2008-2009	2007-2008
Revenues—		
Tax revenues, Table 3.2	191,604	203,591
Employment insurance premiums	16,887	16,558
Other revenues, Table 3.4	24,601	22,271
Total revenues	**233,092**	**242,420**
Expenses—		
Transfer payments	138,293	131,331
Other program expenses	69,564	68,167
Total program expenses	***207,857***	***199,498***
Public debt charges	30,990	33,325
Total expenses, Table 3.6	**238,847**	**232,823**
Annual (deficit) or surplus	**(5,755)**	**9,597**
Accumulated deficit at beginning of year	**457,637**	**467,268**
Other comprehensive (loss) or income	**(318)**	**34**
Accumulated deficit at end of year	**463,710**	**457,637**

REVENUES

Revenues consist of all tax and other amounts which enter into the calculation of the annual surplus or deficit of the Government.

Accounting for Revenues

Tax revenues are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories. Tax revenues are recognized in the period in which the event that generates the revenue occurs. Taxes are collected pursuant to their respective legislation which may be amended from time to time.

For income taxes, revenue is recognized when the taxpayer has earned the income producing the tax. Revenue is determined net of tax deductions and credits allowed under the *Income Tax Act*.

Revenues for the fiscal year ended March 31 are based on amounts assessed/reassessed at the time of preparation of the financial statements and estimates of income tax earned in the fiscal period but not yet assessed/reassessed. These estimates are based on amounts received at the time of preparation of the financial statements that relate to the fiscal year ended March 31 that have not been assessed or that are awaiting reassessment. Actual results may differ significantly from these estimates. Differences between estimates and actuals are recorded in the fiscal year in which the actual assessment/reassessment is completed. Revenues do not include estimates for amounts of unreported taxes.

Goods and services tax, and excise and customs revenues are recorded based on the tax and duties assessed and estimated at the time of preparation of the financial statements that relate to the fiscal year ended March 31. For domestic goods and services tax, revenue is recognized at the time of the sale of goods or the provision of services. For excise duties, revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*. For excise taxes, revenue is recognized when a taxpayer sells goods taxable under the *Excise Act*. For customs duties and goods and services tax on imports, revenue is recognized when goods are authorized by the Canada Border Services Agency to enter Canada.

Employment insurance premiums are recognized in revenue in the same period as the insurable earnings are earned. Other revenues are recognized in the period to which they relate.

Tax Revenues

Tax revenues include personal, corporate and non-resident income tax revenues, and other taxes and duties as summarized in Table 3.2.

TABLE 3.2
TAX REVENUES

(in millions of dollars)

	2008-2009	2007-2008
Tax revenues—		
Income tax revenues—		
Personal	116,024	113,063
Corporate	29,476	40,628
Non-resident	6,298	5,693
	151,798	*159,384*
Other taxes and duties—		
Goods and services tax, Table 3.3	25,740	29,920
Energy taxes—		
Excise tax – Gasoline	4,096	4,015
Excise tax – Aviation gasoline and diesel fuel	1,065	1,124
	5,161	*5,139*
Customs import duties	4,036	3,903
Other excise taxes and duties—		
Excise duties	4,056	4,185
Air travellers security charge	386	386
Softwood lumber products export charge	210	422
Charge on refunds of softwood lumber duty deposits	4	
Other miscellaneous excise taxes and duties	213	252
	4,869	*5,245*
	39,806	*44,207*
Total tax revenues [1]	191,604	203,591

[1] Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Personal income tax

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*.

Corporate income tax

Corporate income tax is levied on corporate income under the provisions of the *Income Tax Act*.

Non-resident income tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Non-resident income tax revenues also include withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

Other taxes and duties

Other taxes and duties are collected under the *Excise Tax Act*, *Customs Tariff* (Act) and other acts and include the goods and services tax, energy taxes, customs import duties, and other excise taxes and duties.

Goods and services tax

The goods and services tax (GST) became effective January 1, 1991. The GST is applied at a rate of 5 percent on most goods and services consumed in Canada, with only a limited set of exclusions that include certain medical devices, prescription drugs, basic groceries, residential rents and most health and dental care services. A reduction in the GST rate from 6 percent to 5 percent was approved through the *Budget and Economic Statement Implementation Act, 2007* and became effective on January 1, 2008. A comparative analysis of the GST is presented in Table 3.3.

TABLE 3.3
GOODS AND SERVICES TAX (GST) (1)

(in millions of dollars)

	2008-2009	2007-2008
GST	30,444	34,559
Less: remission order for the GST paid and accrued by ministries on or for goods and services purchased from outside parties	1,136	1,129
Gross GST from outside parties	29,308	33,430
Less: quarterly tax credits	3,568	3,510
Net GST from outside parties	25,740	29,920

(1) Reported in the Statement of Operations and Accumulated Deficit (Section 2 of this volume).

Energy taxes

Energy taxes primarily include the excise tax on gasoline, and on aviation gas and diesel fuel.

Customs import duties

Revenues from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff* (Act).

Other excise taxes and duties

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as passenger vehicle air conditioners. The air travelers security charges are collected by air carriers at the time of payment for the air travel by the purchaser of an air transportation service.

The Softwood Lumber Products export charge is assessed on exports of softwood lumber products to the United States after September 30, 2006. The charge on refunds of softwood lumber duty deposits is assessed on amounts refunded to Canadian companies on amounts related to a United States duty order related to the importation of softwood lumber products into the United States between May 22, 2002 and September 30, 2006.

Employment insurance premiums

Premiums from employees and employers are levied under the provisions of the *Employment Insurance Act* and are classified as part of revenues. Additional details on employment insurance premiums are provided in Section 4 of this volume.

Other Revenues

Other revenues include Crown corporations, other program and foreign exchange revenues.

TABLE 3.4
OTHER REVENUES

(in millions of dollars)

	2008-2009	2007-2008
Other revenues—		
Crown corporation revenues—		
Consolidated Crown corporations and other entities	1,843	1,760
Enterprise Crown corporations and other government business enterprises—		
Share of annual profit	4,773	4,256
Interest and other	1,144	488
	7,760	*6,504*
Other program revenues—		
Return on investments, Table 3.5	1,913	692
Sales of goods and services—		
Rights and privileges	3,819	3,153
Lease and use of public property	518	545
Services of a regulatory nature	1,046	1,075
Services of a non-regulatory nature	2,573	2,458
Sales of goods and information products	293	259
Other fees and charges	481	139
	8,730	*7,629*
Miscellaneous revenues—		
Interest and penalties	2,811	4,064
Other	1,651	1,510
	15,105	*13,895*
Foreign exchange net revenues—		
Exchange Fund Account	1,732	1,862
International Monetary Fund	5	10
Other	(1)	
	1,736	*1,872*
Total other revenues (1)	24,601	22,271

(1) Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Crown corporation revenues

Crown corporation revenues include revenues earned from third parties by Consolidated Crown corporations, interest earned on loans to enterprise Crown corporations and other government business enterprises, and the government's share of the accumulated profits or losses of enterprise Crown corporations and other government business enterprises.

Other program revenues

Other program revenues include sales of goods and services, return on investments, and miscellaneous revenues. Details are reported by individual ministry in Volume II of the *Public Accounts of Canada*.

Foreign exchange net revenues

Foreign exchange net revenues include the revenues from investments held in the Exchange Fund Account and the International Monetary Fund, as well as the net gains or losses resulting from the translation of these investments to Canadian dollars at March 31. Foreign exchange net revenues also include the net gains or losses resulting from foreign debt and currency swap revaluations.

Return on investments

Return on investments consists mainly of interest from loans and advances, dividends from investments, and transfer of profits and surpluses for loans, investments and advances other than those in enterprises Crown corporations and government business enterprises. A comparative analysis of return on investments is presented in Table 3.5.

TABLE 3.5
RETURN ON INVESTMENTS [1]

(in millions of dollars)

	2008-2009	2007-2008
Consolidated accounts—		
Atomic Energy of Canada Limited	[2]	[2]
Cash and accounts receivable—		
Interest on bank deposits	347	361
Loans, investments and advances—		
Portfolio investments	3	[2]
National governments including developing countries	2	2
International organizations	11	14
Provincial and territorial governments	[2]	[2]
Other loans, investments and advances	655	665
	671	681
Other accounts—		
Esso Ltd—Norman Wells Project profits	125	116
Other	3	5
	128	121
Total ministerial return on investments	1,146	1,163
Net gain (loss) on exchange	779	(445)
Accrual of other revenues	23	32
Total return on investments	1,948	750
Elimination of return on investments internal to the Government	(35)	(58)
Total external return on investments	1,913	692

[1] Additional details are provided in Table 4a in Section 1 of Volume II, and in Section 10 of Volume III of the *Public Accounts of Canada*.
[2] Less than $500,000.

EXPENSES

Expenses consist of all charges which enter into the calculation of the annual deficit or surplus of the Government.

Accounting for Expenses

Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses when the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement, or, in the case of transactions which do not form part of an existing program, when the Government announces a decision to make a non-recurring transfer provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.

Expenses include provisions to reflect changes in the economic value of assets or liabilities, including provisions for bad debts, provisions for valuation of loans, investments and advances, and inventory obsolescence. Expenses also include amortization of tangible capital assets and utilization of inventories and prepaid expenses.

On a day-to-day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenues and expenses recorded in the accounts. In preparing the financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only.

Table 3.6 presents external expenses by segment and by type.

TABLE 3.6
EXTERNAL EXPENSES BY SEGMENT AND BY TYPE

(in millions of dollars)

	Major transfer payments[1]		Other transfer payments	
	2008-2009	2007-2008	2008-2009	2007-2008
Ministries				
Agriculture and Agri-Food			1,820	2,237
Atlantic Canada Opportunities Agency			172	235
Canada Revenu Agency	9,368	9,420	395	607
Canadian Heritage			1,124	1,128
Citizenship and Immigration			781	616
Economic Development of Canada for the Regions of Québec			198	238
Environment			206	122
Finance	45,491	45,341	869	286
Fisheries and Oceans			95	73
Foreign Affairs and International Trade			4,101	3,045
Governor General				
Health	30	30	2,424	2,445
Human Resources and Skills Development	52,218	48,727	2,678	2,130
Indian Affairs and Northern Development			6,121	5,309
Industry			2,316	2,430
Justice			342	359
National Defence			198	176
Natural Resources			3,734	2,733
Parliament			1	1
Privy Council			88	30
Public Safety and Emergency Preparedness	9	3	215	137
Public Works and Government Services			7	
Transport	985	778	1,691	1,439
Treasury Board			1	1
Veterans Affairs			33	386
Western Economic Diversification			183	194
Provision for valuation and other items				27
Total ministries	108,101	104,299	29,796	26,384
Crown corporations and other entities			396	648
Total expenses[3]	108,101	104,299	30,192	27,032

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(1) Includes transfer payments for the Old age security benefits, guaranteed income supplement and spouse's allowance of $33,377 million ($31,955 million in 2008), to the other levels of government of $46,515 million ($46,152 million in 2008), for the Employment insurance benefits of $16,308 million ($14,298 million in 2008) and for the Children's benefits of $11,901 million ($11,894 million in 2008). Additional information is provided in Table 3.7 of this Section.

(2) Additional information is provided in Table 3.8 of this volume.

(3) Additional information is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

Total transfer payments		Other program expenses		Public debt charges(2)		Total expenses	
2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
1,820	2,237	1,626	1,636			3,446	3,873
172	235	118	105			290	340
9,763	10,027	7,050	7,437			16,813	17,464
1,124	1,128	700	683			1,824	1,811
781	616	619	562			1,400	1,178
198	238	60	68			258	306
206	122	1,589	1,456	1	1	1,796	1,579
46,360	45,627	488	510	30,756	33,121	77,604	79,258
95	73	1,530	1,649			1,625	1,722
4,101	3,045	2,206	1,892			6,307	4,937
		20	20			20	20
2,454	2,475	2,556	2,454			5,010	4,929
54,896	50,857	3,711	3,080			58,607	53,937
6,121	5,309	1,206	1,305			7,327	6,614
2,316	2,430	2,238	2,111			4,554	4,541
342	359	1,042	977			1,384	1,336
198	176	18,770	17,331	41	39	19,009	17,546
3,734	2,733	997	900			4,731	3,633
1	1	547	526			548	527
88	30	473	279			561	309
224	140	8,908	7,885			9,132	8,025
7		2,270	2,192	151	125	2,428	2,317
2,679	2,217	949	867	41	39	3,669	3,123
1	1	2,192	2,067			2,193	2,068
33	386	985	917			1,018	1,303
183	194	54	57			237	251
	27	(1,406)	1,861			(1,406)	1,888
137,897	130,683	61,498	60,827	30,990	33,325	230,385	224,835
396	648	8,066	7,340			8,462	7,988
138,293	131,331	69,564	68,167	30,990	33,325	238,847	232,823

Expenses by Segment

The presentation by segment is based on the ministry structure of the 2008-2009 Estimates, which represents the grouping of the activities for the departments and agencies for which a Minister is responsible, and the Crown corporations and other entities as described in Note 10 to the financial statements in Section 2 of this volume.

Government's cost of operations

Government's cost of operations consists of three major types: transfer payments, other program expenses and public debt charges.

Transfer payments

The major transfer payments include payments to persons and payments to provinces and territories.

Payments to persons include payments for income support or income supplement. Assistance is based on age, family status, income, and employment criteria.

Payments to provinces and territories are made under three main programs:

— The fiscal arrangements are unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts; and,

— The Canada health transfer and the Canada social transfer are the major means for providing the federal share of social programs administered by the provinces.

The other transfer payments include various subsidies paid through federal programs to stabilize market prices for commodities, for the development of new technologies, for the conduct of research, for the establishment of new jobs through support for training, for the promotion of educational and cultural activities, expenses of other consolidated entities, and other miscellaneous payments.

Other program expenses

This category covers the costs associated with programs directly delivered by the federal Government such as national defence, food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system. It also includes the expenses of consolidated Crown corporations and other entities incurred with third parties.

Table 3.7 presents a comparative analysis by province of certain transfer payments.

TABLE 3.7
MAJOR TRANSFER PAYMENTS BY PROVINCE AND TERRITORY

(in millions of dollars)

	Old age security benefits [1]	Employment insurance benefits	Fiscal arran-gements	Alternative payments for standing programs	Canada health transfer and Canada social transfer [2]	Other major transfers [3]	Children's benefits	Total
Newfoundland and Labrador	673	978	2		524	30		2,207
	647	*927*	*479*		*505*	*82*		*2,640*
Prince Edward Island	167	227	322		144	11		871
	161	*220*	*295*		*137*	*50*		*863*
Nova Scotia	1,119	766	1,467		973	59		4,384
	1,079	*716*	*1,467*		*928*	*133*		*4,323*
New Brunswick	933	816	1,586		764	45		4,144
	898	*773*	*1,479*		*743*	*99*		*3,992*
Quebec	9,244	3,942	7,701	(2,974)	7,956	439		26,308
	8,835	*3,682*	*6,558*	*(2,720)*	*7,618*	*948*		*24,921*
Ontario	12,339	5,536	8		13,004	724		31,611
	11,813	*4,601*	*8*		*12,119*	*2,140*		*30,681*
Manitoba	1,243	450	2,066		1,263	66		5,088
	1,211	*402*	*1,828*		*1,173*	*183*		*4,797*
Saskatchewan	1,146	364	2		1,193	296		3,001
	1,130	*333*	*228*		*1,071*	*156*		*2,918*
Alberta	2,727	1,190	4		3,014	191		7,126
	2,616	*990*	*4*		*2,398*	*430*		*6,438*
British Columbia	4,484	1,945	3		4,396	247		11,075
	4,288	*1,587*	*3*		*4,515*	*546*		*10,939*
Total provinces	34,075	16,214	13,161	(2,974)	33,231	2,108		95,815
	32,678	*14,231*	*12,349*	*(2,720)*	*31,207*	*4,767*		*92,512*
Northwest Territories	19	30	805		48	1		903
	8	*17*	*792*		*40*	*19*		*876*
Nunavut	9	17	944		40	9		1,019
	18	*9*	*947*		*35*	*20*		*1,029*
Yukon Territory	20	28	564		40	12		664
	18	*26*	*540*		*32*	*17*		*633*
International	204	19						223
	196	*15*						*211*
Sub-total	34,327	16,308	15,474	(2,974)	33,359	2,130		98,624
	32,918	*14,298*	*14,628*	*(2,720)*	*31,314*	*4,823*		*95,261*
Accrual and other adjustments			(336)		(32)	(1,106)		(1,474)
			(58)		*32*	*(1,867)*		*(1,893)*
Total (Net)	34,327	16,308	15,138	(2,974)	33,327	1,024		97,150
	32,918	*14,298*	*14,570*	*(2,720)*	*31,346*	*2,956*		*93,368*
Add: tax credits and repayments	(950)						11,901	10,951
	(963)						*11,894*	*10,931*
Total (Gross)	33,377	16,308	15,138	(2,974)	33,327	1,024	11,901	108,101
	31,955	*14,298*	*14,570*	*(2,720)*	*31,346*	*2,956*	*11,894*	*104,299*

Amounts in roman type are 2008-2009 transfer payments.
Amounts in *italic* type are 2007-2008 transfer payments.

[1] Includes the guaranteed income supplement and the spouse's allowance.

[2] Includes payments for the Canada health transfer of $22,759 million ($21,474 million in 2008) and for the Canada social transfer of $10,568 million ($9,840 million in 2008).

[3] Includes the contributions under the Gas Tax Fund of $985 million, payments to the Public Transit Capital Trust 2008 of $500 million, the Police Officers Recruitment Fund of $400 million, the Saskatchewan for Carbon Capture and Storage Trust of $240 million, and to Nova Scotia for Carbon Storage of $5 million.

Public debt charges

Public debt charges include the interest on unmatured debt and on pensions, other employee and veteran future benefits and other liabilities, the amortization of premiums, discounts and commissions on unmatured debt, and the servicing costs and the costs of issuing new borrowings.

A comparative summary of public debt charges is presented in Table 3.8. The table also discloses the reconciling items between total public debt charges as reported in the ministerial section of the Department of Finance (Section 8) of Volume II and the total expenses of the public debt indicated in Table 3.6. The reconciling items include the expenses of the consolidated specified purpose accounts, accrual adjustments and other items.

TABLE 3.8
PUBLIC DEBT CHARGES (1)

(in millions of dollars)

	2008-2009	2007-2008
Unmatured debt—		
Interest on:		
Marketable bonds	12,815	13,442
Retail debt	454	579
Bonds for Canada Pension Plan	67	130
Promissory note - TD Trust Company		(2)
Promissory notes - Montreal Trust Company		(2)
Promissory notes - Computershare Trust Company		(2)
Canada notes	11	9
Euro medium term notes	75	70
	13,422	*14,230*
Amortization of premiums, discounts and commissions on:		
Treasury bills	3,587	4,611
Marketable bonds	1,160	1,105
Consumer price index adjustments on real return bonds	294	563
Canada bills	57	83
Canada savings and Canada premium bonds	20	19
	5,118	*6,381*
Servicing costs and costs of issuing new borrowings	8	53
Cross-currency swap revaluation account	(218)	(229)
Capital lease obligations	233	204
Total public debt charges related to unmatured debt	18,563	20,639
Pension and other liabilities—		
Interest on:		
Public sector pensions – Superannuation accounts	10,343	10,486
Less: provision for pension adjustment	(910)	(890)
	9,433	*9,596*
Other employee and veteran future benefits—		
Health and dental care plans	711	693
Severance benefits	212	221
Worker's compensation	29	31
Veteran benefit plan	1,615	1,686
Royal Canadian Mounted Police benefit plan	120	109
	2,687	*2,740*
Canada Pension Plan	6	8
Government Annuities Account	19	21
Deposit and trust accounts	55	65
Other specified purpose accounts	201	209
Other liabilities	26	47
Total public debt charges related to pension and other liabilities	12,427	12,686
Consolidated specified purpose accounts—		
Interest on:		
Employment Insurance Account	950	1,926
Other	10	15
Total public debt charges related to consolidated specified purpose accounts	960	1,941
Total public debt charges before consolidation adjustments	31,950	35,266
Less: consolidation adjustments	960	1,941
Total public debt charges (1)(3)	30,990	33,325
Comprised of:		
Total public debt charges under statutory authorities before accrual and other adjustments and consolidation adjustments	29,940	33,212
Accrual and other adjustments	2,010	2,054
Consolidation adjustments	(960)	(1,941)
Total public debt charges	30,990	33,325

Certain comparative figures have been reclassified to conform to the current year's presentation.

(1) A summary is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

(2) Less than $500,000.

(3) Additional details are provided in Section 7 of Volume III of the *Public Accounts of Canada*.

Expenses by Object

Table 3.9 reconciles the total expenses by object to the total expenditures by object initially recorded by departments.

TABLE 3.9
TOTAL EXPENSES BY OBJECT [1]

(in millions of dollars)

	Total expenses	Reconciliation	Total expenditures
Transfer payments	138,293	(21,490)	116,803
Other program expenses			
Crown corporations [2]	7,680	(7,680)	
Personnel	35,593	(714)	34,879
Transportation and communications	3,224	167	3,391
Information	317	14	331
Professional and special services	7,450	1,955	9,405
Rentals	1,748	758	2,506
Repair and maintenance	2,892	414	3,306
Utilities	3,071	88	3,159
Amortization expenses	4,176	(4,176)	
Loss on disposal of assets	173	(173)	
Other subsidies and expenses	3,240	4,675	7,915
Acquisition of land, buildings and works		971	971
Acquisition of machinery and equipment		4,753	4,753
	69,564	1,052	70,616
Public debt charges	30,990	(1,050)	29,940
Total	238,847	(21,488)	217,359

[1] Additional details are provided in Table 3a in Section 1 of Volume II of the *Public Accounts of Canada*.

[2] This amount differs from the expense shown on the Statement of Operations and Accumulated Deficit due to the amortization expenses and loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

Expenditures under Statutory Authorities

Spending authorities provided by statutory authorities are for specified purposes and for such amounts and such time as the acts prescribe. These spending authorities do not generally lapse at the end of the year in which they were granted. Expenditures under such authorities account for more than two-thirds of the total program expenses each year.

Table 3.10 presents a comparative summary of the ministerial statutory expenditures.

TABLE 3.10
EXPENDITURES UNDER STATUTORY AUTHORITIES

(in millions of dollars)

	2008-2009			2007-2008 [1]		
Public debt charges			29,940			33,212
Old age security payments (*Old Age Security Act*)			25,335			24,030
Canada health transfer (Part V.1 — *Federal-Provincial Fiscal Arrangements Act*)			22,759			21,474
Fiscal equalization (Part I — *Federal-Provincial Fiscal Arrangements Act*)			13,462			12,925
Canada social transfer (Part V.1 — *Federal-Provincial Fiscal Arrangements Act*)			10,568			9,590
Guaranteed income supplement payments (*Old Age Security Act*)			7,512			7,407
Universal child care benefit (*Universal Child Care Benefit Act*)			2,548			2,474
Payments to the Newfoundland Offshore Petroleum Resource Revenues Fund			2,351			1,701
Territorial financing (Part I.1 — *Federal-Provincial Fiscal Arrangements Act*)			2,313			2,221
Canada Education Savings grant payments to Registered Education Savings Plans (RESPs) trustees on behalf of RESP beneficiaries to encourage Canadians to save for post-secondary education for their children			581			580
Payments to the Nova Scotia Offshore Revenues Account			577			493
Newfoundland fiscal equalization offset payments			557			189
Contribution payments for the AgriInsurance program			548			
Allowance payments (*Old Age Security Act*)			531			518
Public Transit Capital Trust 2008 (*Budget Implementation Act, 2008*)			500			
Judges' salaries, allowances and annuities, annuities to spouses and children of judges and lump sum payments to spouses of judges who die while in office			410			390
Police Officers Recruitment Fund (*Budget Implementation Act, 2008*)			400			
Expenses of elections (*Canada Elections Act, Northwest Territories Elections Act*, and the *Electoral Boundaries Readjustment Act*)			325			95
Payments (encashment of notes) to International Development Association (*Bretton Woods and Related Agreements Act* and previous years' Appropriation Acts)			318			318
Superannuation, supplementary retirement benefits, death benefits and other pensions —[2]						
Public Service—						
Government's contributions to the Public Service pension plan and the Retirement Compensation Arrangements Account	2,318			2,218		
Government's contribution as employer to the Employment Insurance Account	247			235		
Government's contributions to the Canada and the Quebec Pension Plans	587			540		
Government's contributions to the Death Benefit Account	10			10		
		3,162			3,003	
Less: recoveries from revolving funds		117			114	
			3,045			2,889
Canadian Forces—						
Government's contribution to the Canadian Forces pension plan and the Retirement Compensation Arrangements Account		875			831	
Statutory payments under the *Supplementary Retirement Benefits Act*		5			6	
Government's contribution as employer to the Employment Insurance Account		66			67	
Government's contribution to the Canada and the Quebec Pension Plans		162			156	
Government's contribution to the Death Benefit Account		3			3	
			1,111			1,063
Royal Canadian Mounted Police—						
Government's contribution to the Royal Canadian Mounted Police pension plan and the Retirement Compensation Arrangements Account		249			224	
Statutory payments under the *Supplementary Retirement Benefits Act*		14			15	
Government's contribution as employer to the Employment Insurance Account		18			18	
Government's contribution to the Canada and the Quebec Pension Plans		44			42	
			325			299
All other statutory expenditures			1,094			7,874
Total ministerial expenditures under statutory authorities [3]			**127,110**			**129,742**

[1] Certain comparative figures have been reclassified to conform to the current year's presentation.

[2] Details related to other pension accounts, such as the Members of Parliament Retiring Allowances Account, are not included.

[3] Additional information on the ministerial expenditures under statutory authorities are provided in Table 7 in Section 1 of Volume II of the *Public Accounts of Canada*.

SECTION 4

2008-2009

PUBLIC ACCOUNTS OF CANADA

Consolidated Accounts

CONTENTS

	Page
Consolidated Crown corporations and other entities	4.3
Summary financial statements of consolidated Crown corporations and other entities	4.3
Contingent liabilities of consolidated Crown corporations and other entities	4.8
Financial assistance under budgetary appropriations to consolidated Crown corporations	4.9
Consolidated specified purpose accounts	4.10
Insurance accounts	4.12
Other consolidated specified purpose accounts	4.13
Endowment principal	4.14
Supplementary statement—Employment Insurance Account	4.15

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CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES

This section provides all related information on consolidated Crown corporations and other entities. Consolidated entities are those who rely on Government funding as their principal source of revenue and are controlled by the Government.

Consolidation involves the combination of the accounts of these corporations and other entities on a line-by-line and uniform basis of accounting and elimination of inter-organizational balances and transactions. Consequently, the corporations and other entities' accounts must be adjusted to the Government's basis of accounting. Most corporations and other entities follow Canadian generally accepted accounting principles (GAAP) for private sector.

Summary Financial Statements of Consolidated Crown Corporations and Other Entities

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations and other entities.

For those corporations and other entities having other year ends than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 4.1 and 4.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations and other entities.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, inventories and prepayments such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent long-term debts payable of the corporations and other entities. Other third party liabilities are amounts due for purchases, employee benefits, various accruals, capital leases and like items. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues are segregated between third parties and Government, Crown corporations and other entities. Government, Crown corporations and other entities' revenues are broken down further to identify revenues arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity transactions other than current year's net income or loss are segregated between adjustments, other comprehensive income or loss and transactions with the Government. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and other entities. Other comprehensive income or loss comprises unrealized gains and losses that are recognized in comprehensive income, but excluded from net income. Upon realization, these gains and losses are included in net income. Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations and other entities' accounting policies in line with the Government's basis of accounting.

These tables present financial information on consolidated parent Crown corporations and other entities, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and thus consolidated directly in the financial statements of the Government and excluded from the consolidated financial statements of their parent Crown corporations. The *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada* includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. There were no borrowings by consolidated agent Crown corporations for the year ended March 31, 2009. Contingent liabilities of consolidated corporations and other entities are presented in Table 4.3.

A summary of financial assistance under budgetary appropriations to consolidated Crown corporations for the year ended March 31, 2009 is provided in Table 4.4. Differences in figures reported in Table 4.2 and those reported in Table 4.4 result from the use of different accounting policies and from items in transit.

TABLE 4.1

FINANCIAL POSITION OF CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES— ASSETS, LIABILITIES AND EQUITY AS AT MARCH 31, 2009

(in thousands of dollars)

	Assets			
	Financial			
Consolidated Crown corporations and other entities	Third parties	Government, Crown corporations and other entities	Non-financial	Total assets
Crown corporations[1]				
Atomic Energy of Canada Limited	361,825	18,595	609,741	990,161
Canada Council for the Arts	239,574	681	23,844	264,099
Canada Development Investment Corporation PPP Canada Inc	1,516		37	1,553
Canada Lands Company Limited Old Port of Montreal Corporation Inc	6,772	1,744	26,595	35,111
Canada Mortgage and Housing Corporation Minister's Account				
Canadian Air Transport Security Authority	3,083	68,505	436,892	508,480
Canadian Broadcasting Corporation	332,715	14,739	1,268,730	1,615,364
Canadian Dairy Commission Dairy support operation financed by the Government of Canada				
Canadian Museum for Human Rights	92,100	3,701	16,805	112,606
Canadian Museum of Civilization	44,794	3,469	292,303	340,566
Canadian Museum of Nature	45,671	3,963	192,090	241,724
Canadian Race Relations Foundation	21,195		127	21,322
Canadian Tourism Commission	21,699	491	7,093	29,283
Cape Breton Development Corporation	17,214	12,739	3,797	33,750
Defence Construction (1951) Limited	7,989	15,342	2,358	25,689
Enterprise Cape Breton Corporation	36,073	3,996	7,839	47,908
Cape Breton Growth Fund Corporation[2]				
Federal Bridge Corporation Limited, The[3]	23,383	14,770	193,637	231,790
First Nations Statistical Institute	881		30	911
International Development Research Centre	66,918	7,931	14,470	89,319
Marine Atlantic Inc	21,245	795	153,410	175,450
National Arts Centre Corporation	50,735	735	46,098	97,568
National Capital Commission	140,501	5,930	521,449	667,880
National Gallery of Canada	16,746	2,740	93,903	113,389
National Museum of Science and Technology	13,311	1,827	55,510	70,648
Standards Council of Canada	4,824	1,173	1,459	7,456
Telefilm Canada	37,178	18,004	8,144	63,326
VIA Rail Canada Inc	97,091	7,722	827,717	932,530
Total – Crown Corporations	1,683,775	237,630	4,799,065	6,721,068
Conversion to the Government accounting basis for consolidation purposes	(80,864)		(383,981)	(465,442)
Net Crown corporations on the Government accounting basis	1,602,912	237,630	4,415,084	6,255,626
Other entities				
Aboriginal Healing Foundation	373	84,888	436	85,697
Canada Foundation for Innovation	1,416,732	734,907	1,061	2,152,700
Canada Foundation for Sustainable Development Technology	498,401	52,056	722	551,179
Canada Millennium Scholarship Foundation	197,860	163,710	1,406	362,976
First Nations Market Housing Fund	211,726	94,780	324	306,830
Total – Other entities	2,325,044	1,129,947	4,309	3,459,325
Conversion to the Government accounting basis for consolidation purposes	(75,900)		(1,324)	(76,628)
Net other entities on the Government accounting basis	2,249,144	1,129,947	3,065	3,432,758
Total	3,852,056	1,367,577	4,418,149	9,688,577

[1] All Crown corporations listed at the margin in this table are parent Crown corporations.

[2] On April 1, 2008, the assets and liabilities of the Corporation were transferred to Enterprise Cape Breton Corporation and the Corporation was dissolved.

[3] The financial information of The Federal Bridge Corporation Limited is consolidated to include the figures of its subsidiaries The Jacques Cartier and Champlain Bridges Incorporated, the Seaway International Bridge Corporation Limited and the St. Mary's River Bridge Company.

Liabilities								
Third parties								
Borrowings	Others	Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
	[illegible]	228,371	4,241,075	(3,644,543)	378,629	15,000	(3,250,914)	990,161
	[illegible]	1,044	38,669	155,215	20,165	50,000	225,380	264,049
	302	81	383	1,170			1,170	1,553
	[illegible]	19,932	34,114	(3)			(3)	34,111
	[illegible]	407,486	490,763	17,717			17,717	508,480
	[illegible]	635,566	1,695,521	(79,757)			(79,757)	1,615,764
	[illegible]	32,033	35,496	77,403			77,403	112,899
	[illegible]	252,650	275,945	23,753	40,868		64,621	340,566
	[illegible]	203,758	246,278	(6,034)	1,482		(4,552)	241,726
	186		186	(2,864)	24,000		21,136	21,322
	[illegible]	19,735	29,362	(79)			(79)	29,283
	[illegible]	124,382	465,126	(431,876)			(431,876)	33,250
	[illegible]	1,006	18,831	6,858			6,858	25,689
	[illegible]	4,725	16,585	31,363			31,363	47,948
	[illegible]	153,698	175,514	6,612	53,664		60,276	235,790
	[illegible]		327	584			584	911
	[illegible]	20,026	75,857	13,462			13,462	89,319
	[illegible]	137,525	145,727	(228,807)		258,530	29,723	175,450
	[illegible]	76,739	97,151	417			417	97,568
	[illegible]	240,542	302,645	(512,689)	877,924		365,235	667,880
	[illegible]	100,065	107,954	1,194	4,241		5,435	113,389
	[illegible]	54,332	60,638	(92)	10,102		10,010	70,648
	[illegible]	479	4,171	3,285			3,285	7,456
	[illegible]	6,349	12,919	50,407			50,407	63,326
	[illegible]	514,750	712,417	205,850	4,963	9,300	220,113	932,530
	[illegible]	3,235,274	9,283,654	(4,311,454)	1,416,038	332,830	(2,562,586)	6,721,068
	[illegible]	(3,028,462)	(3,407,150)	4,690,576	(1,416,038)	(332,830)	2,941,708	(465,442)
	[illegible]	206,812	5,876,504	379,122			379,122	6,255,626
	[illegible]	84,532	85,692					85,692
	[illegible]	2,151,510	2,152,700					2,152,700
	[illegible]	549,984	551,179					551,179
	[illegible]	333,756	362,976					362,976
	[illegible]	306,206	306,828					306,828
	[illegible]	3,425,988	3,459,375					3,459,375
		(3,424,239)	(3,424,239)	3,397,615			3,397,615	(26,624)
	[illegible]	1,749	35,136	3,397,615			3,397,615	3,432,751
	[illegible]	208,561	5,911,640	3,776,737			3,776,737	9,688,377

TABLE 4.2

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES FOR THE YEAR ENDED MARCH 31, 2009

(in thousands of dollars)

	Revenues			
		Government, Crown corporations and other entities		
Consolidated Crown corporations and other entities	Third parties	Financial assistance	Other	Total
Crown corporations				
Atomic Energy of Canada Limited	399,389	484,625	10,317	894,331
Canada Council for the Arts	8,043	182,242	2,132	192,417
Canada Development Investment Corporation				
PPP Canada Inc.	18	3,386	7	3,411
Canada Lands Company Limited				
Old Port of Montreal Corporation Inc.	16,813	15,404	2,500	34,717
Canada Mortgage and Housing Corporation				
Minister's Account		2,206,892		2,206,892
Canadian Air Transport Security Authority	723	476,472	201	477,396
Canadian Broadcasting Corporation	645,995	1,074,137	111,886	1,832,018
Canadian Dairy Commission				
Dairy support operation financed by the Government of Canada		4,134		4,134
Canadian Museum for Human Rights	41	2,859		2,900
Canadian Museum of Civilization	17,028	69,546	13,633	100,207
Canadian Museum of Nature	3,299	28,092	2,314	33,705
Canadian Race Relations Foundation	346			346
Canadian Tourism Commission	12,738	84,894	1,404	99,036
Cape Breton Development Corporation	1,091	66,239		67,330
Defence Construction (1951) Limited	154		71,570	71,724
Enterprise Cape Breton Corporation	2,384	8,650	72	11,106
Cape Breton Growth Fund Corporation				
Federal Bridge Corporation Limited, The	14,582	20,327	4,418	39,327
First Nations Statistical Institute		1,097		1,097
International Development Research Centre	26,831	166,071	10,862	203,764
Marine Atlantic Inc.	82,988	105,401	17,276	205,665
National Arts Centre Corporation	26,127	36,051	5,707	67,885
National Capital Commission	31,388	78,703	30,714	140,805
National Gallery of Canada	10,221	53,465		63,686
National Museum of Science and Technology	4,694	29,393	137	34,224
Standards Council of Canada	6,389	7,129	1,417	14,935
Telefilm Canada	21,003	108,700	16,067	145,770
VIA Rail Canada Inc.	296,131	219,722	51,418	567,271
Total – Crown corporations	1,628,416	5,533,631	354,052	7,516,099
Conversion to the Government accounting basis for consolidation purposes	212,527	299,578	(231,489)	280,616
Total on the Government accounting basis	1,840,943	5,833,209	122,563	7,796,715
Consolidation adjustments	1,879	(5,833,209)	(122,563)	(5,953,893)
Net amount – Crown corporations	1,842,822			1,842,822
Other entities				
Aboriginal Healing Foundation	3,936	36,192	149	40,277
Canada Foundation for Innovation	64,183		321,067	385,250
Canada Foundation for Sustainable Development Technology	18,129		812	18,941
Canada Millennium Scholarship Foundation	6,479	356,106	9,390	371,975
First Nations Market Housing Fund	3,405		4,491	7,896
Total – Other entities	96,132	392,298	335,909	824,339
Conversion to the Government accounting basis for consolidation purposes	50,742	48,433	(279,153)	(179,978)
Total on the Government accounting basis	146,874	440,731	56,756	644,361
Consolidation adjustments	43,851	(440,731)	(56,756)	(453,636)
Net amount – Other entities	190,725			190,725
Total	2,033,547			2,033,547

The accompanying notes to Table 4.1 are an integral part of this table.

(1) The difference between this amount and the Crown corporations expenses presented in the Statement of Operations and Accumulated Deficit in Section 2 of this volume consists of $169 million in financial assistance to enterprise Crown corporations.

Expenses							Equity transactions with the Government		
Third parties	Government, Crown corporations and other entities	Total	Net income or (loss)	Equity beginning of year	Equity adjustments and other	Other comprehensive income or (loss)	Dividends	Capital	Equity end of year
1,267,640	40,069	1,307,709	(413,378)	(2,812,249)		318		(25,605)	(3,250,914)
194,707	130	194,837	(2,420)	308,540	1,941	(80,728)		(1,953)	225,380
1,935	306	2,241	1,170						1,170
34,877		34,877	(160)	157					(3)
2,206,892		2,206,892							
474,892	1,874	476,766	630	17,087					17,717
1,816,147	31,567	1,847,714	(15,696)	(71,934)		7,873			(79,757)
4,134		4,134							
2,144	674	2,818	82			77,321			77,403
81,820	16,212	98,032	2,175	61,973		473			64,621
30,521	2,788	33,309	396	(5,006)		58			(4,552)
5,707		5,707	(5,361)	26,466		31			21,136
95,472	2,187	97,659	1,377	(1,519)	63				(79)
16,614	38,151	54,765	12,565	(444,441)					(431,876)
68,252		68,252	3,472	3,386					6,858
19,813	77	19,890	(8,784)	40,147					31,363
				28,160	(28,160)				
39,239		39,239	88	59,057	1,131				60,276
381		381	716		(132)				584
205,429		205,429	(1,665)	15,014	3	110			13,462
191,239		191,239	14,426	10,054	5,243				29,723
66,566	2,478	69,044	(1,159)	1,787		(211)			417
143,029	8,670	151,699	(10,894)	608,860	(232,731)				365,235
52,850	10,783	63,633	53	5,363	(55)	267		(193)	5,435
32,964	2,177	35,141	(917)	11,907	(879)	(101)			10,010
15,194	61	15,255	(320)	3,562		43			3,285
140,074	4,283	144,357	1,413	48,994					50,407
564,307	6,186	570,493	(3,222)	223,335					220,113
7,772,839	168,673	7,941,512	(425,413)	(1,861,300)	(253,576)	5,454		(27,751)	(2,562,586)
207,683	(113,090)	94,593	186,023	2,479,812	253,576	(5,454)		27,751	2,941,708
7,980,522	55,583	8,036,105	(239,390)	618,512					379,122
(83,179)	(55,583)	(138,762)	(5,815,131)		5,815,131				
7,897,343		7,897,343[1]	(6,054,521)	618,512	5,815,131				379,122
40,277		40,277							
385,176	74	385,250							
47,670		47,670	(28,729)		28,729				
371,975		371,975							
2,869		2,869	5,027		(5,027)				
847,967	74	848,041	(23,702)		23,702				
1,622	341	1,963	(181,941)	3,603,258	(23,702)				3,397,615
849,589	415	850,004	(205,643)	3,603,258					3,397,615
(453,578)	(415)	(453,993)	357		(357)				
396,011		396,011	(205,286)	3,603,258	(357)				3,397,615
8,293,354		8,293,354	(6,259,807)	4,221,770	5,814,774				3,776,737

Contingent Liabilities of Consolidated Crown Corporations and Other Entities

Table 4.3 summarizes the contingent liabilities of the consolidated Crown corporations and other entities. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 4.3

CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES

(in thousands of dollars)

	March 31, 2009
Agent Crown corporations	
Canadian Broadcasting Corporation — Miscellaneous litigations	36,856
Defence Construction (1951) Limited — Miscellaneous litigations	6,640
National Capital Commission — Environmental, miscellaneous litigations and agreements	460,844
Telefilm Canada — Litigation	1,237
Non-agent Crown corporations	
Marine Atlantic Inc. — Site contamination lawsuit, miscellaneous litigations	1,729
Total	507,306

Financial Assistance under Budgetary Appropriations to Consolidated Crown Corporations

Table 4.4 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 4.2. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts approved through an operating expenditures vote and (b) amounts approved through a capital expenditures vote.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Differences in figures reported in Table 4.2 and those reported in Table 4.4 result from the use of different accounting policies and from items in transit.

Payments to other entities are recorded as transfer payments and are disclosed in Volume II.

TABLE 4.4

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 2009

(in thousands of dollars)

	Operating expenditures vote	Capital expenditures vote	Financial assistance under budgetary appropriations[1]
Agent Crown corporations			
Atomic Energy of Canada Limited	552,273		552,273
Canada Mortgage and Housing Corporation[2]	2,206,892		2,206,892
Canadian Air Transport Security Authority	427,848		427,848
Canadian Broadcasting Corporation	1,074,137	96,677	1,170,814
Canadian Dairy Commission	4,134		4,134
Canadian Museum for Human Rights	5,000		5,000
Canadian Museum of Civilization	69,546		69,546
Canadian Museum of Nature	62,339		62,339
Canadian Tourism Commission	82,656		82,656
Cape Breton Development Corporation	66,239		66,239
Enterprise Cape Breton Corporation	8,650		8,650
Federal Bridge Corporation Limited, The	50,470		50,470
National Capital Commission	78,702	25,134	103,836
National Gallery of Canada	48,033	8,000	56,033
National Museum of Science and Technology	35,471		35,471
Old Port of Montreal Corporation Inc.	21,150		21,150
PPP Canada Inc	3,430		3,430
Telefilm Canada	105,801		105,801
Total – Agent Crown corporations	4,902,771	129,811	5,032,582
Non-agent Crown corporations			
Canada Council for the Arts	182,088		182,088
First Nations Statistical Institute	1,097		1,097
International Development Research Centre	171,191		171,191
Marine Atlantic Inc.	117,476		117,476
National Arts Centre Corporation	52,523		52,523
Standards Council of Canada	7,129		7,129
VIA Rail Canada Inc.	269,123		269,123
Total – Non-agent Crown corporations	800,627		800,627
Total	5,703,398	129,811	5,833,209

(1) Excludes grants and contributions paid to agent and non-agent consolidated Crown corporations where they qualify as members of a general class of recipients.
(2) Includes budgetary appropriations for Government programs known as the "Minister's Account".

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are special categories of revenues and expenses which report transactions of certain accounts where enabling legislation requires that revenues be earmarked, and that related expenses be charged against such revenues. They are used principally where the activities are similar in nature to departmental activities and the transactions do not represent liabilities to third parties but in essence constitute Government revenues and expenses.

The transactions of these accounts are reported with revenues and expenses, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 4.5 presents a summary of the balances and transactions of these accounts, in the manner required by legislation. A narrative description is provided for accounts reported in Table 4.5. Such description follows the same presentation order as the respective table.

The financial statements of the Employment Insurance Account, together with the Auditor General's report thereon, are presented at the end of this section.

TABLE 4.5

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

		Revenues and other credits		Expenses and other debits		
	April 1/2008	External transactions	Internal transactions	External transactions	Internal transactions	March 31/2009
	$	$	$	$	$	$
Insurance accounts—						
Agriculture and Agri-Food						
Crop Reinsurance Fund	217,699,951	238,573,573		1,952,067	55,620,000	398,701,457
Less: interest-bearing loans	470,854,751				55,620,000	415,234,751
	(253,154,800)	*238,573,573*		*1,952,067*		*(16,533,294)*
Agricultural Commodities Stabilization Accounts	646,575			65		646,510
	(252,508,225)	*238,573,573*		*1,952,132*		*(15,886,784)*
Finance—						
Investors' Indemnity Account	45,303					45,303
Health—						
Health Insurance Supplementary Account	28,387					28,387
Human Resources and Skills Development—						
Employment Insurance Account, Table 4.6	56,953,250,765	17,281,548,201	1,074,223,494	16,493,845,489	1,644,196,024	57,170,980,947
Natural Resources—						
Canadian Nuclear Safety Commission—						
Nuclear Liability Reinsurance Account	1,675,873	278,725				1,954,598
Transport—						
Ship-Source Oil Pollution Fund	376,431,268	3,100	10,122,651	5,967,025	277,179	380,312,815
Total insurance accounts	57,078,923,371	17,520,403,599	1,084,346,145	16,501,764,646	1,644,473,203	57,537,435,266

TABLE 4.5

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—*Concluded*

		Revenues and other credits		Expenses and other debits		
	April 1/2008	External transactions	Internal transactions	External transactions	Internal transactions	March 31/2009
	$	$	$	$	$	$
Other consolidated specified purpose accounts—						
Canadian Heritage—						
National Battlefields Commission— Trust Fund	684,804	48,500	12,660	9,369		736,595
Environment—						
Environmental Damages Fund	2,346,631	157,672	62,693	594,881		1,972,115
Parks Canada Agency—						
New Parks and Historic Sites Account	11,727,765	614,652	12,500,000	665,881	2,272,371	21,904,165
	14,074,396	*772,324*	*12,562,693*	*1,260,762*	*2,272,371*	*23,876,280*
Finance—						
Canadian Commercial Bank and Northland Bank Holdback Account	246,223,464					246,223,464
Fisheries and Oceans—						
Supplementary Fish Fines Account	809,548	65,095		200,187		674,456
Indian Affairs and Northern Development—						
Environmental Studies Research Fund	380,059		379,685		379,206	380,538
Natural Resources—						
Environmental Studies Research Fund	2,184,305		554,253			2,738,558
Public Works and Government Services—						
Seized Property Proceeds Account	29,263,283	23,258,715		10,799,830		41,722,168
Transport—						
Fines for the Transportation of Dangerous Goods	662,921	86,800				749,721
Total other consolidated specified purpose accounts	294,282,780	24,231,434	13,509,291	12,270,148	2,651,577	317,101,780
Endowment principal—						
Environment—						
Parks Canada Agency—						
Mackenzie King trust account	225,000					225,000
Health—						
Canadian Institutes of Health Research—						
Endowments for Health Research	140,267					140,267
Industry—						
National Research Council of Canada—						
H.L. Holmes Fund	4,310,322	109,061				4,419,383
Social Sciences and Humanities Research Council—						
Queen's Fellowship Fund	250,000					250,000
Total endowment principal	4,925,589	109,061				5,034,650
Total	57,378,131,740	17,544,744,094	1,097,855,436	16,514,034,794	1,647,124,780	57,859,571,696

Insurance Accounts

For the following Insurance Accounts, revenues and other credits from outside parties totalled $17,520 million ($17,060 million in 2008) while expenses and other debits to outside parties totalled $16,502 million ($14,519 million in 2008) and are reported as expenses in the Statement of Operations.

Revenues and other credits of $1,084 million ($1,941 million in 2008) and expenses and other debits of $1,644 million ($1,546 million in 2008) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to subsection 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for costs they incur in operating various crop insurance schemes. The Crop Reinsurance Fund currently operates under the authority of the *Farm Income Protection Act*.

The revenues of the Fund come from funds paid by the provinces for the purpose of reinsurance and the expenditures of the Fund are funds paid to the provinces under the terms of reinsurance agreements. When there is insufficient revenues in the Fund to meet payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations. These advances are recovered from future revenues from the provinces. The interest rate has been set by the Department of Finance at zero percent.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers.

These accounts are continued in the accounts of Canada pursuant to subsection 16(2) of the *Farm Income Protection Act*. Current activities are limited to collection of accounts receivable. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of $25,000, such further amounts as are appropriated by Parliament for the purpose of this section, and any recovery of losses referred to in section 58 of the Act. This sum was increased to $50,000 by Treasury Board Submission No. 817667 dated December 12, 1991.

Section 58 of the Act states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Employment Insurance Account

The *Employment Insurance Act* provides for a compulsory contributory employment insurance program applicable to all employees and employers, with few exceptions.

The Act authorizes that an account be established in the accounts of Canada to be known as the Employment Insurance Account.

The Act provides that the following be credited to the Account: *(a)* premiums, penalties and interest; *(b)* refunds of overpayments of benefits and support measures under Part II of the Act;*(c)* repayments of overpayments made by the Commission under the Labour Market Development Agreements; *(d)* amounts for services rendered to other Government departments or agencies, or to the public; *(e)* amounts provided for any other purposes related to employment insurance and authorized by an appropriation administered by the Canada Employment Insurance Commission; and, *(f)* interest on the balance of the Account at such rates as the Minister of Finance may authorize.

The Act also provides that the following be charged to the Account: *(a)* benefits, support measures and financial assistance provided under Part II of the Act; *(b)* contributions to provinces under the Labour Market Development Agreements; *(c)* costs of administering the Act including administration costs transferred to provinces; and, *(d)* interest on advances made by the Minister of Finance.

Employee premium rate for each $100 of insurable earnings was $1.73 from January 1, 2008 to December 31, 2008 for employees without a Provincial Parental Insurance Plan and $1.39 for the others. From January 1, 2009 to March 31, 2009, the rate was $1.73 for employees without a Provincial Parental Insurance Plan and $1.38 for the others.

Table 4.6 presents a statement of the transactions in the Employment Insurance Account.

TABLE 4.6

TRANSACTIONS IN THE EMPLOYMENT INSURANCE ACCOUNT

(in millions of dollars)

	2008-2009	2007-2008
REVENUES AND OTHER CREDITS—		
Premiums—		
Employers and employees[1]	17,217	16,877
Penalties and interest revenue	65	95
Interest earned	950	1,926
	18,232	18,898
EXPENSES AND OTHER DEBITS—		
Benefits	14,827	12,877
Transfers to the provinces—		
Part II	1,481	1,421
Administration costs	1,639	1,539
Administration cost transferred to provinces	164	145
Bad debts	27	81
	18,138	16,063
Net change before Government funding	94	2,835
Funding for benefit enhancement measures—Budget 2009	124	
Net change	218	2,835
Balance at beginning of year	56,953	54,118
Balance at end of year	57,171	56,953

[1] The difference between premium revenue presented here and the amount presented in the Government of Canada financial statements is due to the elimination on consolidation of premiums incurred by the Government of Canada, for an amount of $330 million ($319 million in 2008).

Nuclear Liability Reinsurance Account

This account was established pursuant to sections 16 and 17 of the *Nuclear Liability Act*, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Ship-Source Oil Pollution Fund

This account was established pursuant to section 702 of the *Canada Shipping Act*, to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.

Other Consolidated Specified Purpose Accounts

For the following Other Specified Purpose Accounts, revenues and other credits from outside parties of $24 million ($31 million in 2008) are reported while expenses and other debits to outside parties of $12 million ($31 million in 2008) are reported in the Statement of Operations.

Revenues and other credits of $13 million ($3 million in 2008), and expenses and other debits of $3 million ($6 million in 2008) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Trust Fund—National Battlefields Commission

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The funds are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its incorporation Act. Following the land acquisitions of the Commission, funds remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to Environment Canada for damages to the environment.

New Parks and Historic Sites Account

This account was established pursuant to the *Parks Canada Agency Act* to record payments to be used to acquire lands or property required to establish any national park, national historic site or other protected heritage area that has not yet attained full operation status, and to make any related contributions.

Canadian Commercial Bank and Northland Bank Holdback Account

This account was established to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

During the fiscal year, no claims have been received for potential payments from the holdback.

Supplementary Fines Fish Account

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Fisheries Act*, and fined by courts under paragraph 79(2) (f) of the Act.

Environmental Studies Research Fund—Indian Affairs and Northern Development

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Environmental Studies Research Fund—Natural Resources

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Seized Property Proceeds Account

This account was established, pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized and forfeited properties to Her Majesty or fines imposed and also funds received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on drawdown from Seized Property Working Capital Account and distribution of the proceeds to other Government departments and the Consolidated Revenue Fund.

Fines for the Transportation of Dangerous Goods

This account was established, pursuant to the *Transportation of Dangerous Goods Act 1992* and related regulations, to record fines levied by courts.

Endowment Principal

For the following Endowment Principal Accounts, revenues and other credits from outside parties of $109,000 ($118,000 in 2008) are reported in the Statement of Operations and Accumulated Deficit.

Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for Health Research

This account was established by section 29 of the *Canadian Institutes of Health Research Act* to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H. L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H. L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Queen's Fellowship fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

SUPPLEMENTARY STATEMENT

Employment Insurance Account

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Employment Insurance Account have been prepared by the management of the Canada Employment Insurance Commission in accordance with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements.

In support of its responsibility, management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of the financial information, and to ensure that the transactions are in accordance with the *Employment Insurance Act* and regulations, as well as the *Financial Administration Act* and regulations.

The Employment Insurance Account's external auditor, the Auditor General of Canada, audits the financial statements and reports to the Minister of Human Resources and Skills Development.

The financial statements of the Employment Insurance Account are an integral part of the *Public Accounts of Canada*, which are tabled in Parliament and referred to the Standing Committee on Public Accounts for examination purposes.

JANICE CHARETTE
Chairperson of the Canada
Employment Insurance Commission

MICHAEL J. SAUCIER, CMA
Acting Chief Financial Officer
Human Resources and Skills
Development Canada

August 14, 2009

AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES AND SKILLS DEVELOPMENT

I have audited the balance sheet of the Employment Insurance Account as at March 31, 2009 and the statements of operations and accumulated surplus and cash flow for the year then ended. These financial statements are the responsibility of the Canada Employment Insurance Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Employment Insurance Account as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
August 14, 2009

Employment Insurance Account—*Continued*

BALANCE SHEET AS AT MARCH 31
(in thousands of dollars)

ASSETS	2009	2008
Balance of the account with Receiver General for Canada (Note 8)	55,719,297	55,581,743
Premiums receivable	1,262,757	1,088,203
Due from claimants (Note 3)	521,362	508,257
Amounts receivable (Note 4)	483,194	353,665
Advances—Employment benefits and support measures	2,988	12,507
	57,989,598	57,544,375

LIABILITIES	2009	2008
Unredeemed warrants (Note 5)	130,297	123,206
Benefits payable	599,507	328,790
Amounts payable (Note 6)	89,438	139,773
	819,242	591,769
ACCUMULATED SURPLUS	57,170,356	56,952,606
	57,989,598	57,544,375

Contingent liabilities (Note 13)

The accompanying notes and schedule are an integral part of these financial statements.

Approved by:

JANICE CHARETTE
Chairperson of the Canada
Employment Insurance Commission

MICHAEL J. SAUCIER, CMA
Acting Chief Financial Officer
Human Resources and Skills
Development Canada

Employment Insurance Account—*Continued*

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31

(in thousands of dollars)

	2009	2008
Revenue		
Premiums (Note 7)	17,217,053	16,877,137
Interest on the balance of the account with Receiver General for Canada (Note 8)	950,223	1,926,315
Penalties (Note 3)	40,927	57,815
Interest on overdue accounts receivable (Note 3)	22,058	34,446
	18,230,261	18,895,713
Expenses		
Benefits and support measures (Note 10 and Schedule)	16,308,179	14,293,249
Administration costs (Note 11)	1,801,152	1,688,861
Bad debts	27,180	81,092
	18,136,511	16,063,202
Net surplus for the year before funding from the Government of Canada	93,750	2,832,511
Funding from the Government of Canada		
Benefit enhancement measures Budget 2009 (Note 9)	124,000	
Net surplus for the year	217,750	2,832,511
Accumulated surplus at the beginning of the year	56,952,606	54,120,095
Accumulated surplus at the end of the year	57,170,356	56,952,606

The accompanying notes and schedule are an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31

(in thousands of dollars)

	2009	2008
Operating activities		
Cash receipts:		
Premiums	17,042,498	16,833,847
Interest received	950,223	1,926,315
Recoveries of benefit overpayments and penalties	324,912	328,146
Benefit repayments received from higher income claimants	149,604	146,703
	18,467,237	19,235,011
Cash payments:		
Benefits and support measures	(16,517,316)	(14,870,110)
Administration costs	(1,819,458)	(1,712,651)
	(18,336,774)	(16,582,761)
Net increase in cash and cash equivalents	130,463	2,652,250
Cash and cash equivalents		
Beginning of year	55,458,537	52,806,287
End of year	55,589,000	55,458,537
Cash and cash equivalents at end of year are represented by		
Balance of the account with Receiver General for Canada	55,719,297	55,581,743
Unredeemed warrants	(130,297)	(123,206)
	55,589,000	55,458,537

The accompanying notes and schedule are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

1. Authority, objective and responsibilities

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by the Government, workers and employers. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Account.

The Employment Insurance Account (the Account) was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

The Minister of National Revenue is responsible for collecting premiums from employers and employees, and for administering and enforcing the provisions of the Act relating to benefit repayments receivable from higher income claimants.

The Act authorizes the Government of Canada to enter into Labour Market Development Agreements with each province and territory on the design and delivery of the active employment benefits and support measures contained in the Act. In addition to provinces that already have an agreement, a new agreement with the province of British Columbia was implemented on February 2nd 2009, transferring full responsibility for delivering the active employment benefits and support measures to the province. Similar agreements have also been entered into with the provinces of Nova Scotia, Prince Edward Island and

Employment Insurance Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

Newfoundland and Labrador and will be implemented during 2009-2010. These four provinces had previous agreements implemented under a co-management approach with the federal government. Furthermore, it is expected that an agreement with the Yukon territory will be entered into and implemented during 2009-2010.

The Act also authorizes the Government of Canada to enter into a premium reduction agreement with a province, to allow for a regulatory scheme to make the necessary adjustments and modifications to the Act. This is required to harmonize it with a provincial law that has the effect of reducing or eliminating the special benefits payable under the *Employment Insurance Act*. An agreement with the province of Quebec has been entered into and implemented in January 2006 for that province's parental insurance plan.

2. Significant accounting policies

The Account is a component of the Government of Canada reporting entity. In this context, its operations are consolidated with those of the Government and are presented in the financial statements of the Government of Canada. The financial statements of the Account are also presented in Volume I of the *Public Accounts of Canada*.

(a) Basis of accounting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector.

(b) Revenue—Premiums

Premiums are recognized as revenue in the period in which they are earned. Premiums earned in the period are measured from amounts assessed by the Canada Revenue Agency (CRA) and from estimates of amounts not assessed based on cash received. Premium revenue also includes adjustments between actual and estimated premiums of previous years.

(c) Funding from the Government of Canada—
Benefit enhancement measures

The funding associated with the benefit enhancement measures included in the Budget 2009 is based on an estimate and is recognized in the period in which these benefit expenditures are incurred.

(d) Expenses—Benefits and support measures

Income benefits (or benefits under Part I of the Act) provide temporary income support to claimants, including self-employed fishers, while they look for work. This includes work-sharing agreements for temporary work shortages. It also includes special benefits such as maternity, parental, sickness and compassionate care benefits. Income benefits represent the amounts paid and payable to claimants for the period relating to the financial year, less benefit overpayments established by the Commission during the year.

Employment benefits and support measures (or benefits under Part II of the Act) provide financial assistance, namely contributions, to eligible persons to help them re-integrate into the labour market and to third parties to help them provide employment assistance services to unemployed workers and employed persons if they are facing a loss of their employment. These expenses include the direct costs of financial and employment assistance programs and related measures provided to eligible persons and third parties. Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement. Overpayments established during the year are deducted from these expenses. Part II expenses also include the transfer payments to the provinces and territories under the Labour Market Development Agreements.

Claimants with higher income levels than those stated in the Act have to repay benefits received. Estimated benefit repayments received or receivable from those claimants are deducted from benefits and support measures.

(e) Administration costs

The administration costs of the Act are based on a formula allocating the expenses between the Department of Human Resources and Skills Development and the Account. The expense allocation formula takes into consideration the source of funding, from the Account or from the Consolidated Revenue Fund. In addition, the administration costs incurred by the provinces and the territories to administer the labour market development agreements are included in the administration costs for the year based on provisions in the agreements.

(f) Advances—Employment benefits and support measures

Advances for employment benefits and support measures are recorded as an asset on the balance sheet and are charged to expenses upon utilization.

(g) Asset and liability valuation

Due to the short-term nature, the carrying value of the financial assets and liabilities of the Account approximate their fair value at the end of the year.

(h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles for the public sector requires that

Employment Insurance Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

management makes estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and revenue and expenses during the reporting period. The most significant estimates are related to premiums, administration costs, benefit repayments, funding related to the new benefit enhancement measures and allowance for doubtful accounts. Actual results could differ significantly from these estimates.

3. Due from claimants

	2009	2008
	(in thousands of dollars)	
Benefit overpayments receivable	494,444	508,750
Amount of penalties receivable	150,905	168,466
	645,349	677,216
Less: allowance for doubtful accounts	359,061	378,535
	286,288	298,681
Estimated benefit repayments receivable from higher income claimants	235,074	209,576
	521,362	508,257

The Commission detects overpayments on claims processed during the current and preceding years. These overpayments are accounted for by reducing the benefit expenses during the year in which they are established. During the year, overpayments totalling $277 million were established ($317 million in 2007-2008). Interest charges on overpayments totalled $16 million ($24 million in 2007-2008).

The Commission may impose penalties on a claimant or an employer when it becomes aware that information they have provided is false or misleading. The Act sets the maximum amounts that may be imposed in these cases. During the year, the Commission imposed penalties totalling $41 million ($58 million in 2007-2008). Interest charges on penalties totalled $6 million ($10 million in 2007-2008).

During 2008-2009, the Commission recovered $325 million ($328 million in 2007-2008) of benefit overpayments and penalties. Uncollectible benefit overpayments and penalties written off during the year amounted to $47 million ($59 million in 2007-2008).

The Commission establishes an allowance for doubtful accounts by aging the balance of the accounts receivable outstanding and by applying varying percentages based on past recovery experience to the aging categories so determined.

In accordance with Treasury Board regulations, the Account charges interest on outstanding employment insurance and unemployment insurance debts caused through misrepresentation.

4. Amounts receivable

	2009	2008
	(in thousands of dollars)	
From Canada		
Benefit enhancement measures—Budget 2009 (Note 9)	124,000	
Amount to be recovered for the social insurance number registry	12,550	7,021
	136,550	7,021
From provinces		
Benefits to be recovered under Quebec Parental Insurance Plan	345,223	345,223
Administration costs to be recovered under Quebec Parental Insurance Plan	1,421	1,421
	346,644	346,644
	483,194	353,665

The Canada-Quebec agreement relative to the Quebec Parental Insurance Plan (QPIP) signed in March 2005 was implemented on January 1, 2006. During the transition period of the QPIP (January 1 to December 31, 2006), Canada continued to pay active maternity, parental and adoption (MPA) claims whose benefit period started before the implementation of the QPIP or for births or adoptions that took place before the implementation of the QPIP. As per the agreement, Quebec will reimburse Canada for these MPA benefits paid out by Canada to Quebec residents. Therefore, an account receivable from Quebec was recorded in the financial statements for the benefits paid from January to December 2006. The account receivable was reduced by the total overpayments established for benefits paid during this period. Negotiations with Quebec are underway in order to come to an agreement on the payment mechanism for the reimbursement of the amounts to be recovered under the QPIP.

Employment Insurance Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

5. Warrants

All amounts paid as or on account of benefits under the Act are paid by special warrants drawn on the Receiver General and issued by the Commission by electronic means or bearing the printed signature of the Chairperson and Vice-Chairperson of the Commission. The amount of unredeemed warrants reported in the balance sheet, represents the warrants issued that are still outstanding at the end of the fiscal year.

6. Amounts Payable

	2009	2008
	(in thousands of dollars)	
To Canada		
Administration costs	39,716	52,816
Tax deductions from warrants	33,348	38,836
Recoupments from warrants	1,557	1,436
Amounts payable related to Labour Market Development Agreements	375	4,423
	74,996	97,511
To provinces		
Recoupments from warrants	2,125	1,102
Quebec tax deductions from warrants	4,899	6,113
Amounts payable related to Labour Market Development Agreements	7,418	35,047
	14,442	42,262
	89,438	139,773

7. Premiums

Premiums for the year are measured by the Canada Revenue Agency (CRA) based on amounts assessed and reassessed at the time of preparation of its financial statements and an estimate of premiums earned in the period but not yet assessed or reassessed. The estimate of premiums earned but not yet assessed or reassessed is based on cash amounts received at the time of preparation of the financial statements that relate to the fiscal year.

Actual premiums may differ from these estimates. Actual premium revenue for calendar years 2008 and 2009 will only be known once the CRA has processed all employer declarations of premiums for these years. An adjustment for the difference between actual and estimated premiums will be recorded in the fiscal year in which the actual assessment or reassessment results are known.

Employers with qualified wage loss insurance plans are entitled to premium reductions. They are required to share this reduction with their employees. For the calendar year 2008, the total amount of reductions is estimated at $785 million ($692 million in 2007). Actual reductions for the calendar year 2007 were $722 million ($658 million in 2006). Employees insured under a qualified wage loss insurance plan are entitled to allowances because of illness, injury, pregnancy or child care, depending on the plan. These allowances have the effect of reducing the special benefits payable by the Account to the insured persons.

Pursuant to section 66(1) of the Act, the premium rates are set by the Commission. In setting the rates, the Commission relied on the principle that the premium rate should generate just enough premium revenue to cover the payments, including administration costs, to be made during that year based on forecast values of economic variables provided by the Minister of Finance, and in doing so, took into account the report of the chief actuary to the Commission and any public input.

For the following calendar years, premium rates for each $100 of insurable earnings were:

	2009	2008	2007
	(in dollars)		
Residents of provinces without a Provincial Plan			
For employees	1.73	1.73	1.80
For employers (calculated at 1.4 times the employee rate)	2.42	2.42	2.52
Residents of provinces with a Provincial Plan			
For employees	1.38	1.39	1.46
For employers (calculated at 1.4 times the employee rate)	1.93	1.95	2.04

The annual maximum insurable earnings for 2009 is $42,300 ($41,100 in 2008 and $40,000 in 2007).

8. Interest on the balance of the account with Receiver General for Canada

Pursuant to section 76 of the Act, the Minister of Finance may authorize the payment of interest on the balance in the Account in accordance with such terms and conditions and at such rates as the Minister of Finance may establish. The interest is credited to the Account and charged to the Consolidated Revenue Fund.

Employment Insurance Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

The interest on the daily balance of the account with Receiver General for Canada is calculated daily and is credited to the Account. The interest rate on the balance of the account is equal to 90 percent of the monthly average of tender rates for three-month Treasury Bills for the same month. The interest rates varied between 0.44 percent and 2.48 percent during the year (2.23 percent and 4.08 percent in 2007-2008). The rate for March 2009 was 0.44 percent (2.23 percent for March 2008).

9. Benefit Enhancement Measures—Budget 2009

The Budget 2009 includes various measures to support Canadian workers affected by the global economic downturn. The cost of these enhancement measures is not funded from the Account and will be recovered from the Government of Canada.

Some of these measures have been implemented in March 2009 and include an extension of work-sharing agreements and five extra weeks of regular benefit entitlements for all claimants, up to a maximum of fifty weeks, for two years.

10. Estimated overpayments and underpayments of benefits

Given the large number of claimants to be monitored and the need for prompt service, the Commission applies a selective approach of control procedures. Therefore, the verification of claims is mainly done after claimants have begun to receive benefits.

In order to measure the effectiveness of the benefit payment process, the Commission has a program in place which estimates, through statistical extrapolation, the most likely value of incorrect benefit payouts. For benefits paid during the 12 months ended March 31, 2009, these undetected overpayments and underpayments are estimated to be $449 million and $162 million respectively ($515 million and $175 million for the 12 months ended March 31, 2008). These estimates are used by the Commission to assess the quality of decisions and the need, if any, to improve its systems and practices of processing claims.

The overpayments established during the year, as indicated in Note 3, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

11. Administration costs

	2009	2008
	(in thousands of dollars)	
Administration costs	1,649,724	1,548,972
Add: Administration costs incurred by provinces and territories under the Labour Market Development Agreements	164,170	149,705
Deduct: Recovery of costs for maintaining the social insurance number registry and issuing replacement cards	(12,742)	(9,816)
	1,801,152	1,688,861

12. Related party transactions

The Account is a component of the Government of Canada reporting entity and is therefore related to all departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of operations at exchange value, under the same terms and conditions that apply to unrelated parties.

Related party transactions not otherwise disclosed in these financial statements include administration costs of $112 million ($108 million in 2007-2008) charged by Public Works and Government Services Canada for accommodation and rental costs, and $164 million ($160 million in 2007-2008) by the Canada Revenue Agency for collecting premiums from employers and employees and other related activities. These costs are charged to the Account based on memoranda of understanding with the Department of Human Resources and Skills Development.

Employment Insurance premiums include the employer's share of premiums paid by the federal government of $330 million ($319 million in 2007-2008).

13. Contingent liabilities

In the normal course of the operations of the Account, numerous appeals against or by the Commission are presently outstanding. The outcome of these appeals is not presently determinable. Any claims resulting from the resolution of these appeals will be accounted for as an expense in the period in which the claim will be determinable. However, in the opinion of management, the result of these appeals should not have a significant impact on the operations of the Account.

Employment Insurance Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Concluded*

Legal proceedings

Two legal proceedings had been filed against Her Majesty the Queen contesting on substantially similar grounds, the constitutional validity of parts of the *Employment Insurance Act*. In particular, certain provisions relating to the setting of premiums and the size of the accumulated surplus in the Account were being challenged. The Government won the case at trial and the appeal filed by two Unions. In April 2007, the Supreme Court of Canada granted the Unions' leave to appeal and a hearing was held on May 13, 2008. On December 11, 2008, the Supreme Court of Canada issued its decision and found that the EI premiums collected for the years 2002, 2003 and 2005 had been collected without authority. The Court suspended its judgment for 12 months in order for Parliament to rectify the invalidity. On March 12, 2009, the invalidity was corrected with the adoption of corrective measures provided for in the *Budget Implementation Act*, 2009. Therefore, there was no impact on the financial statements of the Account.

14. Canada Employment Insurance Financing Board

The Canada Employment Insurance Financing Board is a Crown corporation established by the *Canada Employment Insurance Financing Board Act* in June 2008. The Board reports to Parliament through the Minister of Human Resources and Skills Development.

The Board was created to improve the governance and management of Employment Insurance financing. Once operational, the Board will implement an improved Employment Insurance premium rate-setting mechanism designed to ensure that Employment Insurance revenues and expenditures break even over time beginning in 2011. The Board will also manage any excess Employment Insurance revenues from a given year, in a separate bank account, and will invest these excess revenues for future Employment Insurance purposes.

Human Resources and Skills Development Canada will continue to have policy responsibility for Employment Insurance benefits as well as responsibility for program delivery to ensure that the Employment Insurance program is responsive to the needs of Canadians and that it is delivered efficiently and effectively.

15. Reclassification

Some 2007-2008 figures have been reclassified to conform to the current year's presentation.

Employment Insurance Account—*Concluded*

SCHEDULE OF BENEFITS AND SUPPORT MEASURES
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2009	2008
Part I—Income benefits		
Regular	10,102,277	8,380,859
Fishing	264,355	264,994
Worksharing	54,625	14,858
	10,421,257	8,660,711
Special benefits		
Parental	2,035,017	1,891,136
Sickness	999,754	928,069
Maternity	883,073	835,510
Adoption	22,413	22,609
Compassionate care	9,798	9,279
	3,950,055	3,686,603
	14,371,312	12,347,314
Part II—Employment benefits and support measures		
Employment benefits		
Skills development	238,450	263,359
Self-employment	34,806	40,559
Job creation partnerships	25,682	27,069
Targeted wage subsidies	22,374	22,953
	321,312	353,940
Support measures		
Employment assistance	139,293	152,348
Labour market partnerships	156,913	158,262
Research and innovation	14,227	14,539
	310,433	325,149
Transfer payments to provinces and territories related to Labour Market Development Agreements	1,480,224	1,416,924
	2,111,969	2,096,013
Benefits and support measures	16,483,281	14,443,327
Less: Benefit repayments received or receivable from higher income claimants	175,102	150,078
	16,308,179	14,293,249

Benefit Rates - Income Benefits

From January to December 2008, benefits paid represent the lesser of 55 percent of average insurable earnings or $435 per week ($423 per week in 2007). In January 2009, the maximum payment was increased to $447 per week. The benefit rate can be increased to a maximum of the lesser of 80 percent of average insurable earnings or $447 per week as of January 1st, 2009 ($435 per week in 2008 and $423 per week in 2007) for claimants who are in a low-income family with children.

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SECTION 5

2008-2009

PUBLIC ACCOUNTS OF CANADA

Accounts Payable and Accrued Liabilities

CONTENTS

	Page
Other accounts payable and accrued liabilities	5.3
Tax payables	5.11
Environmental liabilities	5.12
Interest and matured debt	5.13
Allowance for guarantees	5.14

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

This section contains information on accounts reported on the Statement of Financial Position under "Accounts Payable and Accrued Liabilities". The establishment and operation of these accounts are authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent accounts payable, accruals and allowances set up at year end under the authority granted to the President of the Treasury Board under the *Financial Administration Act*.

Table 5.1 presents the year-end balances of accounts payable and accrued liabilities by category. Chart 5A presents accounts payable and accrued liabilities by category at March 31.

Most tables in this section present the continuity of accounts, by showing the opening and closing balances. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

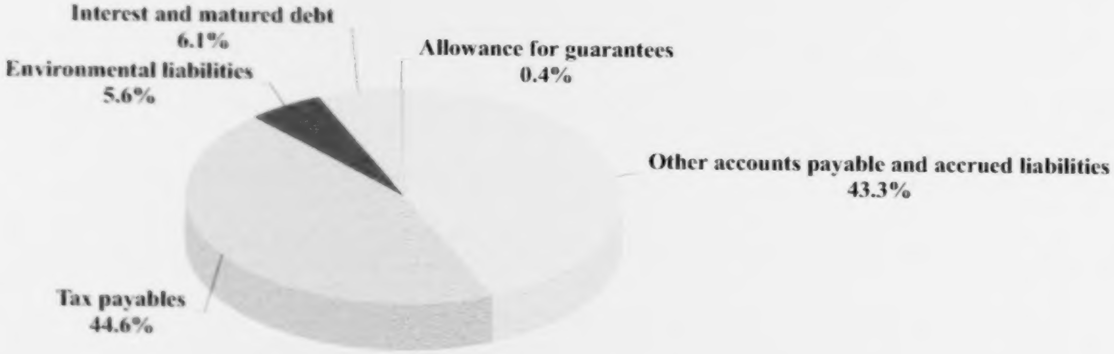
TABLE 5.1

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31/2009	March 31/2008
	$	$
Other accounts payable and accrued liabilities, Table 5.2	49,379,013,382	47,000,327,079
Tax payables, Table 5.6	50,845,363,119	49,010,093,492
Environmental liabilities, Table 5.7	6,341,792,559	6,668,721,493
Interest and matured debt, Table 5.9	6,919,371,231	7,181,996,544
Allowance for guarantees, Table 5.10	513,570,570	602,108,187
Total	113,999,110,861	110,463,246,795

CHART 5A

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES BY CATEGORY AT MARCH 31, 2009



Other Accounts Payable and Accrued Liabilities

Other accounts payable and accrued liabilities includes accounts payable, accrued salaries and benefits, notes payable to international organizations, the provincial and territorial tax collection agreements account, miscellaneous paylist deductions, other accounts and deferred revenues.

Table 5.2 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

TABLE 5.2

OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31/2009	March 31/2008
	$	$
Accounts payable	32,326,544,792	34,747,847,306
Add: consolidation adjustment[1]	1,833,362,236	1,742,983,000
	34,159,907,028	*36,490,830,306*
Accrued salaries and benefits	3,062,998,691	2,766,533,168
Notes payable to international organizations, Table 5.3	430,177,279	379,470,510
Provincial and territorial tax collection agreements account, Table 5.4	4,943,530,773	5,111,493,968
Miscellaneous paylist deductions	325,231,637	319,307,781
Other	723,125,958	330,412,872
Deferred revenues, Table 5.5	5,734,042,016	1,602,278,474
Total	49,379,013,382	47,000,327,079

[1] Additional information on the consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Accounts payable

This account records amounts owing at year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations and other entities.

Accrued salaries and benefits

This amount records salaries and wages owing at year end, amounts owing for earned and unpaid annual vacation leave and compensation time, and other accrued amounts relating to unpaid or retro-active salaries.

Notes payable to international organizations

Share capital subscriptions, loans and advances are made to international organizations using cash and/or notes payable that are later presented for encashment according to terms of agreements. These demand notes are non-interest bearing and are non-negotiable. The subscriptions, loans and advances are recorded as assets and details are reported in Table 9.13 (Section 9 of this volume).

Table 5.3 presents the balances and transactions for the individual notes.

TABLE 5.3

NOTES PAYABLE TO INTERNATIONAL ORGANIZATIONS

		Receipts and other credits		Payments and other charges		
	April 1/2008	Note issuances	Revaluation[1]	Note encashment	Revaluation[1]	March 31/2009
	$	$	$	$	$	$
Finance—						
European Bank for Reconstruction and Development	4,488,185		335,795	2,985,712		1,838,268
International Bank for Reconstruction and Development (World Bank)	24,618,418		5,631,178			30,249,596
International Development Association	318,280,000	384,280,000		318,280,000		384,280,000
Multilateral Investment Guarantee Agency	3,293,146		753,269			4,046,415
Foreign Affairs and International Trade—						
Canadian International Development Agency—						
Caribbean Development Bank	7,506,093		497,650	8,003,743		
International financial institutions—						
African Development Fund		100,800,000		100,800,000		
Asian Development Fund	1,143,667	50,506,950		51,650,617		
Caribbean Development Bank—Special		13,585,000		13,585,000		
Global Environment Facility Trust Fund	20,141,001	38,603,370		48,981,371		9,763,000
Inter-American Development Bank—Fund for Special Operations		925,613		925,613		
International Fund for Agriculture Development		12,425,640		12,425,640		
Montreal Protocol Multilateral Fund		4,794,373		4,794,373		
Multilateral Investment Fund		6,316,667		6,316,667		
	21,284,668	*227,957,613*		*239,479,281*		*9,763,000*
Total	379,470,510	612,237,613	7,217,892	568,748,736		430,177,279

[1] Notes denominated in foreign currencies are translated into Canadian dollars at the year-end closing rate of exchange.

Provincial and territorial tax collection agreements account

This account records both income taxes administered by the Government of Canada on behalf of provinces, territories, and aboriginal governments, pursuant to the *Federal Provincial Fiscal Arrangements Act* and harmonized sales tax, sales tax and goods and services sales tax pursuant to the *Excise Tax Act*, and related payments made to them.

Under the *Federal-Provincial Fiscal Arrangements Act*, the Government of Canada is empowered to enter into agreements with provincial, territorial, and aboriginal governments, to collect income taxes on their behalf, and to make payments to them with respect to such taxes. Furthermore, the Government is empowered to enter into agreements with provincial governments, to collect the harmonized sales tax, and to make payments to them with respect to such tax.

The Government of Canada has entered into agreements with provinces (excluding Quebec) and territories, and with some self-governing First Nations, to collect individual income tax, and, with provinces (excluding Quebec and Alberta except for the tax on preferred shares dividend) and territories, to collect corporate income tax, and, to pay in instalments to such provinces and territories, the estimated revenues to be produced by the respective provincial and territorial taxes. The Government has also entered into agreements with the provinces of Nova Scotia, New Brunswick and Newfoundland and Labrador, to collect the harmonized sales tax, and to make payments to them with respect to such tax. Furthermore, the Government has also entered into agreements with some First Nations, to collect sales taxes on motive fuels, tobacco, and alcohol and goods and services sales tax, and to make payments to them with respect to such agreements. This account also reflects amounts related to the Government of Canada's administration of various provincial and territorial programs under Memoranda of Understanding, such as child benefit programs.

Because the *Public Accounts of Canada* reports information on an April to March fiscal year basis and because tax information is calculated on a calendar year basis, there can be transactions related to several tax years during any given fiscal year. For example, during a fiscal year the Minister of Finance makes current payments, based on estimates, for two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to final determinations of tax revenues, rebates and credits for previous tax years.

Table 5.4 presents the accumulated balances and the net position of the revenues and the payments made to the provinces and territories for corporate and personal income taxes as well as for harmonized sales tax, sales tax and goods and services sales tax.

TABLE 5.4
PROVINCIAL AND TERRITORIAL TAX COLLECTION AGREEMENTS ACCOUNT

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Total Personal Income Tax administered by Canada Revenue Agency	2,050,829,597	50,507,011,383		52,557,840,980
Less: payments to provinces and territories—				
Newfoundland and Labrador			965,165,585	965,165,585
Prince Edward Island			236,154,915	236,154,915
Nova Scotia			1,827,800,368	1,827,800,368
New Brunswick			1,354,365,423	1,354,365,423
Ontario			27,800,703,177	27,800,703,177
Manitoba			2,331,398,266	2,331,398,266
Saskatchewan			1,935,473,626	1,935,473,626
Alberta			8,760,377,252	8,760,377,252
British Columbia			6,149,874,521	6,149,874,521
Yukon			58,798,262	58,798,262
Northwest Territories			76,690,987	76,690,987
Nunavut			21,170,332	21,170,332
First Nations			12,645,214	12,645,214
			51,530,617,928	*51,530,617,928*
Total personal income tax on hand	**2,050,829,597**	**50,507,011,383**	**51,530,617,928**	**1,027,223,052**

TABLE 5.4

PROVINCIAL AND TERRITORIAL TAX COLLECTION AGREEMENTS ACCOUNT—*Concluded*

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Total Corporate Income Tax administered by Canada Revenue Agency	2,674,900,632	7,963,465,432		10,638,366,064
Less: payments to provinces and territories—				
Newfoundland and Labrador			375,367,898	375,367,898
Prince Edward Island			25,551,865	25,551,865
Nova Scotia			490,263,735	490,263,735
New Brunswick			124,938,066	124,938,066
Ontario			3,016,571,490	3,016,571,490
Quebec			27,001,185	27,001,185
Manitoba			390,823,255	390,823,255
Saskatchewan			579,128,253	579,128,253
Alberta			26,676,483	26,676,483
British Columbia			2,062,272,525	2,062,272,525
Yukon			6,257,782	6,257,782
Northwest Territories			26,173,107	26,173,107
Nunavut			7,191,560	7,191,560
			7,158,217,204	*7,158,217,204*
Total corporate income tax on hand	**2,674,900,632**	**7,963,465,432**	**7,158,217,204**	**3,480,148,860**
Total Harmonized Sales Tax administered by Canada Revenue Agency	384,543,179	2,951,943,440		3,336,486,619
Less: payments to provinces and territories—				
Newfoundland and Labrador			705,059,805	705,059,805
Nova Scotia			1,241,196,834	1,241,196,834
New Brunswick			955,357,750	955,357,750
			2,901,614,389	*2,901,614,389*
Total harmonized sales tax on hand	**384,543,179**	**2,951,943,440**	**2,901,614,389**	**434,872,230**
Total First Nations' Sales Tax administered by Canada Revenue Agency	437,150	5,922,906		6,360,056
Less: payments to First Nations			5,943,123	5,943,123
Total First Nations' Sales Tax on hand	**437,150**	**5,922,906**	**5,943,123**	**416,933**
Total First Nations' Goods and Services Sales Tax administered by Canada Revenue Agency	783,410	8,879,978		9,663,388
Less: payments to First Nations			8,793,690	8,793,690
Total First Nations' Goods and Services Sales Tax on hand	**783,410**	**8,879,978**	**8,793,690**	**869,698**
Total	5,111,493,968	61,437,223,139	61,605,186,334	4,943,530,773

Miscellaneous paylist deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

Deferred Revenues

This account records revenues received before the end of the current fiscal year for which the goods or services are to be delivered or rendered in a subsequent fiscal year. It includes licence fees received for which access to the radio spectrum is being provided in subsequent years and also presents separately revenues received which have been recorded in a specified purpose account.

Table 5.5 presents the balances and transactions of deferred revenues.

TABLE 5.5

DEFERRED REVENUES

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Deferred revenues—				
Citizenship and Immigration—				
Service fees for immigration and citizenship	347,423,927	239,960,954	171,156,146	416,228,735
Industry—				
Spectrum licence fees and other fees	955,259,115	4,497,737,035	499,126,343	4,953,869,807
Public Safety and Emergency Preparedness—				
Royal Canadian Mounted Police—				
Provincial arrangement on capital assets	109,611,258	53,254,527	1,578,761	161,287,024
Other departments	141,542,894	100,574,012	87,144,568	154,972,338
Total	1,553,837,194	4,891,526,528	759,005,818	5,686,357,904
Other deferred revenues—Specified purpose accounts—				
Donation and bequest accounts—				
Agriculture and Agri-Food—				
Shared-cost agreements—Research	12,637,722	4,804,523	5,642,250	11,799,995
Canadian Heritage—				
Library and Archives of Canada				
Special operating account	446,881	50,727	403,874	93,734
Environment				
Endangered species—Donations	258,070	11,205	20,726	248,549
National Round Table on the Environment and the Economy—				
Donations		105,000	105,000	
Parks Canada Agency—				
Pacific Rim Mitigation Fund	2,000,000		125,000	1,875,000
	2,258,070	*116,205*	*250,726*	*2,123,549*
Fisheries and Oceans—				
Restricted donations	26,247	8,998	12,196	23,049
Foreign Affairs and International Trade—				
Canadian Landmine Action Fund	772			772
Governor General—				
Donations—Rideau Hall	24,450		20,020	4,430
Health				
Canadian Institutes of Health Research—				
Donations for research	12,004,620	8,352,429	10,222,018	10,135,031
Human Resources and Skills Development—				
Canadian Centre for Occupational Health and Safety—				
Donations	94,057	1,750		95,807
Industry—				
Prime Minister's Awards and other deposits	2,900,045	3,015,726	2,460,944	3,454,827
Canadian Space Agency—				
RADARSAT-2	9,291		695	8,596
RADARSAT-2—Data satellite	449,171	1,757,090	1,773,934	432,327
	458,462	*1,757,090*	*1,774,629*	*440,923*
National Research Council of Canada—				
Trust fund	14,504,771	18,678,197	16,122,975	17,059,993
Natural Sciences and Engineering Research Council—				
Trust fund	250			250
Social Sciences and Humanities Research Council—				
Trust fund	396,722	4,543	10,000	391,265
	18,260,250	*23,455,556*	*20,368,548*	*21,347,258*
National Defence—				
Corporate sponsorships and donations	94,003	1,288,910	1,244,773	138,140

TABLE 5.5

DEFERRED REVENUES—*Concluded*

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Public Safety and Emergency Preparedness—				
Royal Canadian Mounted Police—				
Mounted Police Foundation	359,901			359,901
Royal Canadian Mounted Police Pipe Band (NCR)	10,254			10,254
Sponsorship Agreement—Contributions	368,561	10,000	127,928	250,633
	738,716	*10,000*	*127,928*	*620,788*
Veterans Affairs—				
Restricted donations		50,252		50,252
Total—Donation and bequest accounts	46,585,788	38,139,350	38,292,333	46,432,805
Endowment interest accounts—				
Environment—				
Parks Canada Agency—				
Laurier House—Interest (Mackenzie King trust account)		8,618	8,618	
Health—				
Canadian Institutes of Health Research—				
Endowments for health research	6,709	1,274		7,983
Industry—				
National Research Council of Canada—				
H.L. Holmes Fund		99,071	99,071	
Social Sciences and Humanities Research Council—				
Queen's Fellowship Fund	98,769	6,402		105,171
	98,769	*105,473*	*99,071*	*105,171*
Transport—				
Shared-cost agreements—Transportation research and development	1,750,014	1,024,938	1,636,799	1,138,153
Total—Endowment interest accounts	1,855,492	1,140,303	1,744,488	1,251,307
Total—Other deferred revenues—Specified purpose accounts	48,441,280	39,279,653	40,036,821	47,684,112
Total—Deferred revenues	1,602,278,474	4,930,806,181	799,042,639	5,734,042,016

Service fees for immigration and citizenship

This account was established to record fees and rights derived from the *Citizenship Act* and Regulations and the *Immigration and Refugees Protection Act* and Regulations. Fees are deferred until the application is deemed processed, while rights (right of citizenship and right of permanent residence) are deferred until the right is granted.

Spectrum licence fees and other fees

This account was established to record, *(a)* funds received from Spectrum Auctions, which are recognized as revenues over the period of the licences; *(b)* funds received from Spectrum Licence Fees that are received in the latter part of the fiscal year, but which are applicable to the following fiscal year; and, *(c)* funds received from other sources such as patents and trademarks examination and registration fees, Bankruptcy Trustee Licence Fees and Competition Bureau Pre-Merger Fees, which are recognized as revenue in the subsequent year.

Provincial arrangement on capital assets

This account was established to record capital assets received by the Royal Canadian Mounted Police pursuant to the provincial arrangement (contracts) on capital assets. The revenue is recognized on the same basis as the amortization of the corresponding capital asset.

Shared-cost agreements—Research

This account was established to record amounts deposited by external parties for shared-cost projects, and any related future provincial program payments to be made on a province's behalf by Agriculture and Agri-Food Canada as part of a related project. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Special operating account

This account was established, pursuant to section 18 of the *Library and Archives of Canada Act*, to record funds received for the purposes of the Library and Archives of Canada, by way of gifts. Amounts required for the purposes of the Act may be paid out of this account, or out of funds appropriated by Parliament for such purposes.

Endangered species—Donations

This account was established to record donations, gifts or bequests received from individuals and organizations to finance various studies related to endangered species.

Donations—National Round Table on the Environment and the Economy

This account was established to record payments, grants and donations received from third parties, and expenses associated with National Round Table on the Environment and Economy programs and activities.

Pacific Rim Mitigation Fund

This account was established to record funds received for the protection of lands within the Pacific Rim National Park Reserve of Canada. Funds so received are used to monitor community use impacts, carry out related research and implement required mitigation measures.

Restricted donations—Fisheries and Oceans

This account was established to record directed donations to be used for research, development, management and promotion of fisheries and oceans related issues.

Canadian Landmine Action Fund

This account was established to record funds received from the public to support Canadian Mine Action Programs pursuant to the Ottawa Convention agreement which bans the production, use, stockpiling and export of anti-personnel mines.

Donations—Rideau Hall

This account was established to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund specific initiatives.

Donations for research—Canadian Institutes of Health Research

This account was established, pursuant to section 29 of the *Canadian Institutes of Health Research Act*, to record donations and contributions received from organizations and individuals for biomedical research.

Donations—Canadian Centre for Occupational Health and Safety

This account was established, pursuant to subsection 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record funds, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

Prime Minister's Awards and other deposits

This account was established to record amounts deposited by external parties to be used in support of the Prime Minister's Awards for teaching excellence and amounts deposited by customers to be used for payments of services provided by Industry Canada.

RADARSAT-2

This account was established to record funds received for the configuration and layout of relocated MacDonald, Dettwiler and Associates personnel.

RADARSAT-2—Data satellite

This account was established to record funds received from "MacDonald, Dettwiler and Associates" for the reception, archiving, cataloging and satellite acquisition services.

Trust fund—National Research Council of Canada

This account was established by the *National Research Council Act* to record funds received from other governments and organizations outside the accounting entity to cover expenses made on their behalf.

Trust fund—Natural Sciences and Engineering Research Council

This account was established by the *Natural Sciences and Engineering Research Council Act (1978)* to record funds received from other governments and organizations to cover expenses made on their behalf.

Trust fund—Social Sciences and Humanities Research Council

This account was established to record funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations for the purpose of special projects.

Corporate sponsorships and donations

This account was established by the Department of National Defence to administer funds received from various private companies, not for profit corporations, associations, other levels of government, or individuals for the purpose of holding events, conducting operations and constructing capital assets consistent with the Department's mandate but not funded from its appropriations.

Mounted Police Foundation

This account was established to record funds received from the Mounted Police Foundation which will be used to cover expenses related to community policing, educational, promotional and public relations projects throughout Canada.

Royal Canadian Mounted Police Pipe Band (NCR)

This account was established to administer sponsorship funds to support the Royal Canadian Mounted Police Pipe Band.

Sponsorship Agreement—Contributions

This account was established to record funds contributed to the Royal Canadian Mounted Police pursuant to sponsorship agreements for use in community policing programs.

Restricted donations—Veterans Affairs

This account was established to record directed donations for the purpose of management and maintenance of the Canadian Memorial in Green Park, London, United Kingdom.

Laurier House—Interest (Mackenzie King trust account)

The late The Right Hon W. L. Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for health research

This account was established by section 29 of the *Canadian Institutes of Health Research Act*, to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H. L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H. L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H. L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

Shared-cost agreements—Transportation research and development

This account was established to record, on a temporary basis, *(a)* funds received from cost-sharing agreements intended to strengthen and improve the safety, security and efficiency of the Canadian transportation system; and, *(b)* funds received from private sector and provincial governments to directly support the departmental strategic objectives.

Tax Payables

Tax payables include amounts payable to taxpayers based on assessments as well as estimates of refunds owing for assessments not completed by year end.

Table 5.6 presents a summary of the balances for the different tax revenue streams.

TABLE 5.6
TAX PAYABLES

	March 31/2009	March 31/2008
	$	$
Personal and non-resident income tax	30,441,434,803	29,778,676,597
Corporate income tax	13,217,458,916	11,406,117,547
Goods and services tax	7,156,276,537	7,768,233,007
Customs and excise	30,192,863	57,066,341
Total	50,845,363,119	49,010,093,492

Personal and non-resident income tax

This account records tax refunds payable to individual taxpayers as well as amounts payable to employers and other withholders of personal income tax. This account also includes any interest owing on the balances.

Corporate income tax

This account records tax refunds payable and any interest owing to corporate taxpayers.

Goods and services tax

This account records refunds, rebates and any interest owing related to the goods and services tax.

Customs and excise

This account records refunds of customs import duties, excise taxes and duties, energy taxes and any interest owing on the balances.

Environmental Liabilities

Environmental liabilities include the estimated costs related to the management and remediation of contaminated sites and unexploded explosive ordnance affected sites where the Government is obligated, or likely obligated to incur such costs, as well as the estimated costs to decommission Atomic Energy of Canada Limited's nuclear facilities.

The Government has identified approximately 2,000 contaminated sites and 10 unexploded explosive ordnance affected sites (2,360 contaminated sites and 28 unexploded explosive ordnance affected sites in 2008) for which it is likely obligated to remediate. Continued assessment work will lead to a more accurate cost estimate of the identified sites.

The contingent liabilities associated with the contaminated sites and unexploded explosive ordnance affected sites are disclosed in Section 11 of this volume.

Table 5.7 presents the liability balances of the custodian departments and Crown corporations for contaminated sites and unexploded explosive ordnance affected sites and for nuclear facility decommissioning.

TABLE 5.7

ENVIRONMENTAL LIABILITIES

	March 31/2009	March 31/2008
	$	$
Contaminated sites—		
Agriculture and Agri-Food	1,237,877	1,925,334
Canada Border Services Agency	361,800	769,165
Cape Breton Development Corporation	192,170,000	180,338,000
Correctional Service	13,492,696	14,354,720
Environment	56,268,622	55,520,174
Fisheries and Oceans	70,454,782	223,544,198
Health	1,505,750	2,303,800
Indian Affairs and Northern Development	1,571,348,105	1,497,136,925
Industry	90,000	99,657
National Capital Commission	29,863,000	24,799,000
National Defence	365,214,806	431,514,508
National Research Council of Canada	4,150,000	100,000
Natural Resources	359,416,175	336,678,572
Parks Canada Agency	57,371,037	42,017,836
Public Works and Government Services	289,631,869	310,523,035
Royal Canadian Mounted Police	7,375,678	4,275,715
The Jacques-Cartier and Champlain Bridges Inc.	1,000,000	1,000,000
Transport	197,684,580	204,327,220
VIA Rail Canada Inc.	1,416,000	1,500,000
	3,220,052,777	*3,332,727,858*
Unexploded explosive ordnance affected sites—		
National Defence	10,000,782	327,757,635
Atomic Energy of Canada Limited's nuclear facility decommissioning	3,099,745,000	3,008,236,000
Others	11,994,000	
Total	6,341,792,559	6,668,721,493

Environmental liability reduction for contaminated sites

Table 5.8 presents a summary of the changes in liability balances for contaminated sites. In addition to expenditures reducing environmental liabilities previously recorded, the government spent another $15,968,396 ($21,296,094 in 2008) as management and remediation costs on its contaminated sites when these costs became known in the year.

TABLE 5.8

ENVIRONMENTAL LIABILITY REDUCTION FOR CONTAMINATED SITES

	March 31/2009	March 31/2008
	$	$
Opening Balance	3,332,727,858	3,014,836,315
Less: Expenditures reducing opening liabilities	220,900,966	190,333,272
Add: Changes in estimated remediation costs	108,225,885	508,224,815
Closing Balance	3,220,052,777	3,332,727,858

Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 5.9 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

TABLE 5.9

INTEREST AND MATURED DEBT

	March 31/2009	March 31/2008
	$	$
Interest due	2,378,895,804	2,690,794,592
Interest accrued	4,460,344,827	4,399,503,152
Matured debt	80,130,600	91,698,800
Total	6,919,371,231	7,181,996,544

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to other revenues if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier; the minimum time before such a transfer is made is 5 years from the date of maturity.

Allowance for Guarantees

This category of accounts payable and accrued liabilities includes the allowance for loan guarantees and the allowance for borrowings of Crown corporations.

Table 5.10 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

TABLE 5.10

ALLOWANCE FOR GUARANTEES

	March 31/2009	March 31/2008
	$	$
Allowance for loan guarantees	432,718,424	375,250,161
Allowance for borrowings of Crown corporations	80,852,146	226,858,026
Total	513,570,570	602,108,187

Allowance for loan guarantees

This account records potential losses on loan guarantees when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated (see Table 11.5 in Section 11 of this volume).

Allowance for borrowings of Crown corporations

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government.

Borrowings of non-agent Crown corporations and other government business enterprises may, at times, be guaranteed by the Government.

This account reports the borrowings of agent and non-agent enterprise Crown corporations and other government business enterprises expected to be repaid by the Government (see Table 9.6 in Section 9 of this volume).

SECTION 6

2008-2009

PUBLIC ACCOUNTS OF CANADA

Interest-Bearing Debt

CONTENTS

Page

Unmatured debt—

- Marketable bonds 6.3
- Treasury bills 6.5
- Retail debt 6.6
- Bonds for Canada Pension Plan 6.7
- Canada bills 6.7
- Canada notes 6.8
- Euro medium-term notes 6.8
- Cross-currency swap revaluation account 6.9
- Unamortized discounts and premiums on market debt 6.9
- Interest rates 6.9
- Maturity of Government debt 6.10
- Statement of all borrowing transactions on behalf of Her Majesty 6.11
- Structure of interest-bearing debt 6.12
- Obligation related to capital leases 6.12

Pension and other liabilities—

- Public sector pensions 6.18
- Other employee and veteran future benefits 6.31

Other liabilities—

- Canada Pension Plan 6.33
- Government Annuities Account 6.34
- Deposit and trust accounts 6.35
- Other specified purpose accounts 6.41

Supplementary statements—

- Canada Pension Plan 6.53
- Government Annuities Account 6.76
- Royal Canadian Mounted Police (Dependants) Pension Fund 6.81

INTEREST-BEARING DEBT

This section contains information on the interest-bearing debt of the Government. Interest-bearing debt includes the unmatured debt and pension and other accounts.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 6.1 presents the transactions and year-end balances of interest-bearing debt. Chart 6A presents interest-bearing debt by category for the current fiscal year.

The financial statements of the Canada Pension Plan, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Auditor General's reports thereon, are presented at the end of this section.

A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 6.1

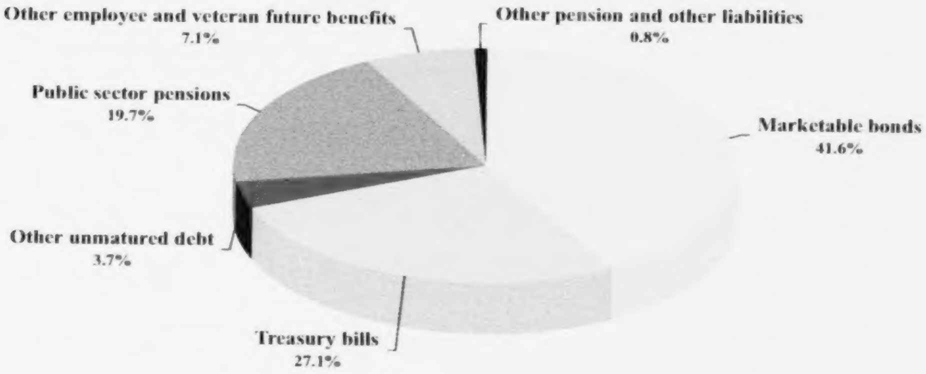
INTEREST-BEARING DEBT

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Unmatured debt[1]—				
Payable in Canadian currency—				
Marketable bonds, Table 6.2	253,549,845,168	90,050,821,527	48,414,679,000	295,185,987,695
Treasury bills, Table 6.3	116,936,124,000	438,800,000,000	363,461,374,000	192,274,750,000
Retail debt, Table 6.4	13,068,207,977	2,771,519,218	3,307,959,394	12,531,767,801
Bonds for Canada Pension Plan, Table 6.5	1,042,363,000		519,360,000	523,003,000
	384,596,540,145	*531,622,340,745*	*415,703,372,394*	*500,515,508,496*
Payable in foreign currencies—				
Marketable bonds, Table 6.2	5,878,666,138	50,942,790	5,931,692,345	(2,083,417)
Canada bills, Table 6.6	1,483,502,933	24,394,074,169	17,169,753,620	8,707,823,482
Canada notes, Table 6.7	515,000,000		515,000,000	
Euro medium-term notes, Table 6.8	1,620,500,000	55,000,000		1,675,500,000
	9,497,669,071	*24,500,016,959*	*23,616,445,965*	*10,381,240,065*
Total—Market debt	394,094,209,216	556,122,357,704	439,319,818,359	510,896,748,561
Cross-currency swap revaluation account	(1,419,851,481)		(5,109,830,821)	3,689,979,340
Unamortized discounts and premiums on market debt, Table 6.9	(6,213,268,002)	7,004,188,032	5,541,694,917	(4,750,774,887)
Obligation related to capital leases, Table 6.15	4,235,696,874	45,962,880	97,251,101	4,184,408,653
Total—Unmatured debt	390,696,786,607	563,172,508,616	439,848,933,556	514,020,361,667
Pension and other liabilities—				
Public sector pensions, Table 6.18—				
Superannuation accounts	150,144,864,216	15,796,416,120	12,793,577,723	153,147,702,613
Allowance for pension adjustments	(12,774,000,000)	851,000,000	1,316,000,000	(13,239,000,000)
	137,370,864,216	*16,647,416,120*	*14,109,577,723*	*139,908,702,613*
Other employee and veteran future benefits, Table 6.31	47,901,000,000	6,373,000,000	3,963,000,000	50,311,000,000
Other liabilities—				
Due to Canada Pension Plan, Table 6.32	106,391,779	30,884,761,819	30,901,030,767	90,122,831
Government Annuities Account	292,818,705	19,155,649	44,800,964	267,173,390
Deposit and trust accounts, Table 6.33	2,080,538,752	1,597,012,784	1,690,271,996	1,987,279,540
Other specified purpose accounts, Table 6.36	3,415,783,121	10,112,424,616	9,949,956,013	3,578,251,724
	53,796,532,357	*48,986,354,868*	*46,549,059,740*	*56,233,827,485*
Total—Pension and other liabilities	191,167,396,573	65,633,770,988	60,658,637,463	196,142,530,098
Total	581,864,183,180	628,806,279,603	500,507,571,019	710,162,891,765

[1] This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.13.

CHART 6A

INTEREST-BEARING DEBT BY CATEGORY AT MARCH 31, 2009



UNMATURED DEBT

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due, cross-currency swap revaluation, unamortized discounts, premiums and commissions on market debt and obligations related to capital leases.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

— bought and sold on the open market;

— payable in Canadian or foreign currency;

— subject to redemption before maturity;

— fixed dates of maturity;

— interest payable either in coupon or registered form; and,

— face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 6.2 presents a summary of the balances and transactions for marketable bonds.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2009.

TABLE 6.2

MARKETABLE BONDS

	April 1/2008	Receipts and other credits[1]	Payments and other charges[1]	March 31/2009
	$	$	$	$
Payable in Canadian currency—				
Matured 2008-2009	23,462,925,000		23,462,925,000	
Maturing 2009-2010	26,828,933,000		5,339,541,000	21,489,392,000
2010-2011	19,278,125,000	12,184,302,000	270,809,000	31,191,618,000
2011-2012	20,028,059,000	11,000,000,000	852,677,000	30,175,382,000
2012-2013	17,181,018,000		25,000,000	17,156,018,000
2013-2014	11,794,116,000	13,000,000,000	24,000,000	24,770,116,000
2014-2015	9,778,802,000	16,000,000,000	25,000,000	25,753,802,000
2015-2016	10,721,505,000		121,675,000	10,599,830,000
2016-2017	10,300,000,000		142,600,000	10,157,400,000
2017-2018	10,342,526,000			10,342,526,000
2018-2019	5,322,764,000	5,300,000,000		10,622,764,000
2019-2020		10,350,000,000		10,350,000,000
2020-2021	718,361,000		55,000,000	663,361,000
2021-2022	7,393,400,767	74,951,015	76,285,000	7,392,066,782
2022-2023	435,448,000		198,336,000	237,112,000
2023-2024	5,468,975,000		1,019,975,000	4,449,000,000
2025-2026	5,000,000,000		781,427,000	4,218,573,000
2026-2027	6,683,508,308	71,926,062		6,755,434,370
2027-2028	7,562,835,000		1,091,400,000	6,471,435,000
2029-2030	13,132,155,000		327,288,000	12,804,867,000
2031-2032	7,096,298,317	76,368,394		7,172,666,711
2033-2034	13,410,295,000			13,410,295,000
2036-2037	6,350,690,081	68,344,365		6,419,034,446
2037-2038	13,249,089,000	750,000,000		13,999,089,000
2041-2042	2,261,894,695	6,458,162,691		8,720,057,386
	253,801,723,168	75,334,054,527	33,813,938,000	295,321,839,695
Less: Government's holdings—				
Government's holdings		14,600,741,000	14,600,741,000	
Consolidation adjustment[2]	251,878,000	116,026,000		135,852,000
	251,878,000	*14,716,767,000*	*14,600,741,000*	*135,852,000*
Total marketable bonds payable in Canadian currency	253,549,845,168	90,050,821,527	48,414,679,000	295,185,987,695
Payable in foreign currencies—				
Matured 2008-2009	5,880,443,974		5,880,443,974	
Maturing 2009-2010	162,079,217	37,073,746		199,152,963
2016-2017	34,124,966	7,805,691		41,930,657
2018-2019	16,506,120	3,775,584		20,281,704
2019-2020	3,592,750	821,800		4,414,550
	6,096,747,027	49,476,821	5,880,443,974	265,779,874
Less: Government's holdings and securities held for the retirement of unmatured debt[3]	218,080,889	1,465,969	51,248,371	267,863,291
Total marketable bonds payable in foreign currencies	5,878,666,138	50,942,790	5,931,692,345	(2,083,417)
Total	259,428,511,306	90,101,764,317	54,346,371,345	295,183,904,278

[1] These columns include the translation of marketable bonds payable in foreign currencies to Canadian dollars using the closing rates of exchange at March 31.

[2] Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

[3] These securities were assumed by the Government of Canada on February 5, 2001 upon the dissolution of Petro-Canada Limited. These are presented as a deduction from the foreign currency unmatured debt since they are held specifically for the repayment of the corresponding liabilities assumed upon the dissolution of the Corporation.

Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- issued in Canadian currency only;
- issued every 2 weeks;
- common terms: 3 months, 6 months and 12 months;
- transferable; and,
- bought and sold on the open market.

The balance at March 31, 2009 consists of $8,000 million in odd issue bills; $68,600 million in three-month bills; $44,000 million in six-month bills; and, $71,900 million in 364-day bills.

Table 6.3 presents a summary of Treasury bill issues and redemptions.

TABLE 6.3

TREASURY BILLS

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Three-month bills	33,500,000,000	195,100,000,000	160,000,000,000	68,600,000,000
Six-month bills	25,900,000,000	73,700,000,000	55,600,000,000	44,000,000,000
Other bills	57,600,000,000	170,000,000,000	147,700,000,000	79,900,000,000
	117,000,000,000	438,800,000,000	363,300,000,000	192,500,000,000
Less: Government's holdings–Consolidation adjustment(1)	63,876,000		161,374,000	225,250,000
Total	116,936,124,000	438,800,000,000	363,461,374,000	192,274,750,000

(1) Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Retail Debt

Retail debt includes Canada savings bonds and Canada premium bonds which are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- not subject to call before maturity;
- term to maturity of seven years or more;
- Canada savings bonds are redeemable on demand by the holder, with accrued interest calculated to the end of the previous month (no interest is paid if redeemed during the first 3 months following the date of issue); and,
- Canada premium bonds are redeemable in full or partially on any annual anniversary of the issue date and during the 30 days thereafter by the holder, with accrued interest if applicable.

Table 6.4 presents a summary of the balances and transactions for Canada savings bonds and Canada premium bonds.

TABLE 6.4

RETAIL DEBT

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Canada Savings Bonds				
Maturing 2009-2010	229,453,201		19,493,133	209,960,068
2010-2011	223,790,455		20,020,381	203,770,074
2011-2012	284,210,810		26,259,400	257,951,410
2012-2013	340,014,933		33,850,863	306,164,070
2013-2014(1)	489,888,016		57,868,399	432,019,617
2014-2015(2)	679,310,056		90,543,923	588,766,133
2015-2016(3)	726,945,075		125,742,008	601,203,067
2016-2017(4)	1,164,842,326	1,110	296,148,539	868,694,897
2017-2018(5)	1,751,835,097	937,378,209	985,781,365	1,703,431,941
2018-2019(6)	1,546,978,765	1,405,104,934	795,940,053	2,156,143,646
2019-2020(7)	4,730,472		432,333	4,298,139
	7,441,999,206	*2,342,484,253*	*2,452,080,397*	*7,332,403,062*
Canada Premium Bonds				
Matured 2008-2009	5,127,545		5,127,545	
Maturing 2009-2010	455,481,986		36,654,466	418,827,520
2010-2011	861,293,066		146,544,170	714,748,896
2011-2012	549,301,215		34,202,744	515,098,471
2012-2013	1,100,538,151		87,953,229	1,012,584,922
2013-2014	992,259,640		167,195,905	825,063,735
2014-2015	259,096,838		12,265,021	246,831,817
2015-2016	181,786,731		12,797,398	168,989,333
2016-2017	179,117,130		8,495,162	170,621,968
2017-2018	157,769,543	132,295	8,509,420	149,392,418
2018-2019(6)	843,961,129	428,902,670	333,083,518	939,780,281
2019-2020(7)	40,475,797		3,050,419	37,425,378
	5,626,208,771	*429,034,965*	*855,878,997*	*5,199,364,739*
Total	13,068,207,977	2,771,519,218	3,307,959,394	12,531,767,801

(1) Ten years maturity extension to CSB Series 46 until November 1, 2013.
(2) Ten years maturity extension to CSB Series 47 until November 1, 2014.
(3) Ten years maturity extension to CSB Series 48 until November 1, 2015.
(4) Ten years maturity extension to CSB Series 49 until November 1, 2016.
(5) Ten years maturity extension to CSB Series 50 and 52 until November 1, 2017.
(6) Ten years maturity extension to CSB Series 51, 54, 55, 56, 57, 58 and CPB Series 3, 4, 5, 6, 7.
(7) Ten years maturity extension to CSB Series 59 and CPB Series 8.

Bonds for Canada Pension Plan

Bonds for Canada Pension Plan are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan (CPP) Investment Fund and have the following characteristics:

— not negotiable;

— not transferable;

— not assignable;

— issued in Canadian currency only;

— term to maturity of 20 years or less;

— interest payable semi-annually; and,

— redeemable at face value plus accrued interest.

Table 6.5 presents a summary of the balances and transactions for these bonds.

TABLE 6.5

BONDS FOR CANADA PENSION PLAN

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Matured 2008-2009	519,360,000		519,360,000	
Maturing 2009-2010	71,112,000			71,112,000
2010-2011	425,010,000			425,010,000
2011-2012	15,763,000			15,763,000
2012-2013	11,118,000			11,118,000
Total	1,042,363,000		519,360,000	523,003,000

Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money market under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

— issued at a discount in lieu of interest payments;

— term to maturity of not more than 270 days;

— transferable; and,

— bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 2009.

Table 6.6 presents a summary of Canada bill issues and redemptions.

TABLE 6.6

CANADA BILLS

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Canada bills before revaluation	1,447,717,538	24,274,555,602	17,169,753,620	8,552,519,520
Exchange valuation adjustment	35,785,395	119,518,567		155,303,962
Total	1,483,502,933	24,394,074,169	17,169,753,620	8,707,823,482

Canada Notes

Canada notes are issued by the Government of Canada under the Government's foreign currency borrowing program. Canada notes provide Canada with an additional source of medium-term foreign funds.

Table 6.7 presents a summary of the balances and transactions for Canada notes.

TABLE 6.7

CANADA NOTES

	April 1/2008	Receipts and other credits[1]	Payments and other charges[1]	March 31/2009
	$	$	$	$
Payable in foreign currencies—				
Matured 2008-2009	515,000,000		515,000,000	
Total	515,000,000		515,000,000	

[1] These columns include the translation of Canada notes payable in foreign currencies to Canadian dollars using the closing rates of exchange at March 31.

Euro Medium-Term Notes

Euro medium-term notes are issued by the Government of Canada in the Euromarkets under the Government's foreign currency borrowing program, and thus provide Canada with an additional source of medium-term foreign funds.

The year-end balances of Euro medium-term notes were translated into Canadian dollars using the closing rate of exchange of the appropriate currency at March 31, 2009.

Table 6.8 presents a summary of the balances and transactions for the Euro medium-term notes.

TABLE 6.8

EURO MEDIUM-TERM NOTES

	April 1/2008	Receipts and other credits[1]	Payments and other charges[1]	March 31/2009
	$	$	$	$
Payable in foreign currencies—				
Maturing 2009-2010	1,620,500,000	55,000,000		1,675,500,000
Total	1,620,500,000	55,000,000		1,675,500,000

[1] These columns include the translation of Euro notes payable in foreign currencies to Canadian dollars using closing rates of exchange at March 31.

Cross-currency Swap Revaluation Account

This account records the unrealized gains or losses due to fluctuations in the foreign exchange value of the cross-currency swaps.

Unamortized Discounts and Premiums on Market Debt

The unamortized discounts and premiums on market debt have the following characteristics:

- unamortized discounts on Canada bills records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills;
- unamortized discounts on Treasury bills records the portion of the discounts on outstanding Treasury bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills; and,
- unamortized discounts and premiums on marketable bonds records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenses. Discounts and premiums are amortized over the life of the bonds.

Table 6.9 presents a summary of the balances and transactions for the unamortized discounts and premiums on market debt.

TABLE 6.9

UNAMORTIZED DISCOUNTS AND PREMIUMS ON MARKET DEBT

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Unamortized discounts on Canada Bills	(5,233,913)	56,515,828	65,099,341	(13,817,426)
Unamortized discounts on Treasury Bills	(1,194,725,974)	3,586,530,046	3,106,640,891	(714,836,819)
Unamortized discounts and premiums on marketable bonds	(5,013,308,115)	3,361,142,158	2,369,954,685	(4,022,120,642)
Total	(6,213,268,002)	7,004,188,032	5,541,694,917	(4,750,774,887)

Interest Rates

Table 6.10 sets out unmatured debt as at March 31, for each of the years 2004-2005 to 2008-2009 inclusive, with the average rate of interest thereon. For purposes of comparison, unmatured debt is classified as Marketable bonds, Treasury bills, Retail debt, Bonds for the Canada Pension Plan, Canada bills and Foreign currency notes.

TABLE 6.10

UNMATURED DEBT AS AT MARCH 31, FROM 2005 TO 2009, WITH THE AVERAGE RATE OF INTEREST THEREON

	Marketable bonds		Treasury bills		Retail debt		Bonds for Canada Pension Plan		Canada bills		Foreign currency notes		Total market debt	
	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate
	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%
2009	295,184	4.53	192,275	1.34	12,532	2.32	523	11.03	8,707	0.64	1,676	4.50	510,897	3.21
2008	259,429	5.08	116,936	3.60	13,068	3.50	1,042	10.62	1,483	2.59	2,136	3.87	394,094	4.61
2007	263,889	5.23	134,074	4.20	15,175	3.54	1,743	10.37	1,847	5.11	2,118	3.92	418,846	4.86
2006	268,487	5.26	131,597	3.52	17,342	3.84	3,102	10.02	4,734	4.63	1,998	3.85	427,260	4.73
2005	275,437	5.62	127,199	2.62	19,080	2.85	3,393	9.99	3,862	2.63	2,785	3.14	431,756	4.61

Note: The interest rate in effect at March 31 is used where various rates of interest are applicable.

Table 6.11 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 2004-2005 to 2008-2009 inclusively.

TABLE 6.11

TREASURY BILLS AVERAGE YIELDS AT TENDER

	High	Low	Last issue
Year ended March 31	%	%	%
Three-month bills—			
2009	3.86	0.46	0.46
2008	4.61	2.03	2.03
2007	4.30	3.90	4.17
2006	3.79	2.25	3.79
2005	2.70	1.93	2.55
Six-month bills—			
2009	4.30	0.56	0.56
2008	4.70	2.29	2.29
2007	4.44	4.00	4.19
2006	3.89	2.55	3.89
2005	2.83	1.98	2.56
Other bills—			
2009	3.39	0.84	0.84
2008	4.47	2.20	3.06
2007	4.55	3.80	4.27
2006	4.01	2.43	3.99
2005	3.05	1.98	3.04

Maturity of Government Debt

Table 6.12 presents total unmatured debt arranged in order of maturity.

TABLE 6.12

MATURITY OF GOVERNMENT DEBT

	Marketable bonds		Treasury bills		Retail debt		Bonds for Canada Pension Plan		Canada bills		Foreign currency notes		Total market debt	
	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate
	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%
2010	21,689	4.83	192,500	1.34	629	2.86	71	9.98	8,707	0.64	1,676	4.50	225,272	1.68
2011	31,192	4.21			919	2.18	425	11.29					32,536	4.25
2012	30,175	3.66			773	2.93	16	9.92					30,964	3.65
2013	17,156	4.66			1,319	3.03	11	9.37					18,486	4.54
2014	24,770	4.33			1,257	2.21							26,027	4.23
2015/19	67,539	4.08			7,593	2.12							75,132	3.88
2020/24	23,096	5.06			42	3.17							23,138	5.06
2025/29	17,445	6.79											17,445	6.79
2030/34	33,388	5.37											33,388	5.37
2035/39	20,418	4.37											20,418	4.37
2040/44	8,720	2.99											8,720	2.99
	295,588	4.53	192,500	1.34	12,532	2.32	523	11.03	8,707	0.64	1,676	4.50	511,526	3.21
Less: Government's holdings[1]	404		225										629	
Total	295,184	4.53	192,275	1.34	12,532	2.32	523	11.03	8,707	0.64	1,676	4.50	510,897	3.21

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.13.

[1] Includes government's holdings and securities held for the retirement of unmatured debt (Marketable bonds - $268 million with an average interest rate of 8.55 percent) and consolidation adjustments.

Statement of all Borrowing Transactions on behalf of Her Majesty

Table 6.13 presents information on the Government's borrowing transactions. Included in this table are: borrowings by the Government for general purposes, and borrowings by agent enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not included because such borrowings are not on behalf of Her Majesty.

TABLE 6.13

STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY

(in millions of dollars)

	April 1/2008	Issues/ Borrowings	Retirements	March 31/2009
Market debt of the Government of Canada[1]	394,094	556,122	439,319	510,897
Cross-currency swap revaluation account	(1,420)		(5,110)	3,690
Unamortized discounts and premiums on market debt[1]	(6,213)	7,004	5,542	(4,751)
Obligation related to capital leases[1]	4,236	46	98	4,184
	390,697	*563,172*	*439,849*	*514,020*
Borrowings of enterprise Crown corporations designated as agents of Her Majesty[2]	171,051	92,175	62,809	200,417
Total	561,748	655,347	502,658	714,437

[1] Details can be found in this section.

[2] Details can be found in Section 9 (Table 9.6) of this volume.

Structure of interest-bearing debt

Table 6.14 presents the proportion of interest-bearing debt having fixed rates (debt that does not mature or need to be re-priced within a year).

TABLE 6.14

STRUCTURE OF INTEREST-BEARING DEBT

	March 31/2009		March 31/2008 [1]	
	Total $(millions)	Portion of total of which interest is fixed[2] %	Total $(millions)	Portion of total of which interest is fixed[2] %
Unmatured debt—				
Market debt—				
Payable in Canadian currency—				
Marketable bonds—				
Nominal	263,515	91.8	224,445	89.9
Real return	31,807	50.0	29,357	50.0
Treasury bills	192,500		117,000	
Retail debt	12,532	20.0	13,068	20.0
Bonds for Canada Pension Plan	523	86.4	1,042	95.0
	500,877	*52.1*	*384,912*	*57.2*
Payable in foreign currencies	10,649	16.4	9,716	17.1
Less—				
Government's holdings	(268)	50.0	(218)	50.0
Consolidation adjustment	(361)		(316)	
Total—Market debt[3]	510,897	51.3	394,094	56.2
Cross-currency swap revaluation account	3,690		(1,420)	
Unamortized discounts and premiums on market debt	(4,751)		(6,213)	
Obligation related to capital leases	4,184	100.0	4,236	100.0
Total—Unmatured debt	514,020	51.7	390,697	56.7
Pension and other liabilities—				
Public sector pensions	139,909	97.0	137,371	97.0
Other employee and veteran future benefits	50,311		47,901	
Other liabilities	5,923	10.0	5,895	10.0
Total—Pension and other liabilities	196,143	69.5	191,167	70.0
Total—Interest-bearing debt[4]	710,163	61.0	581,864	62.6

[1] Certain comparative figures have been restated to reflect the current year's presentation.

[2] Interest-bearing debt having fixed rates (debt that does not mature or need to be re-priced within a year).

[3] The weighted average term to maturity of market debt was 5.9 years in 2009 and 7.0 years in 2008.

[4] The fixed rate share of the debt is adjusted by excluding components of the debt that are matched with financial assets of the same term and therefore do not represent an exposure to interest rate risk. The federal liabilities netted out from the fixed-rate share calculation include liabilities funding the assets in the Exchange Fund Account; debt securities matched with corresponding loans to Crown corporation; Government of Canada debt securities held by the Bank of Canada; and the debt offset by Receiver General cash and deposit balances.

	(in millions of dollars) 2009	 2008
Outstanding swap agreements as of March 31 ($ millions Cdn):		
Cross-currency swaps		
Fixed to fixed	32,286	23,847
Fixed to floating	7,728	7,592
Floating to floating		51
Total cross-currency swaps	40,014	31,490
Interest rate swaps		1,232
Total outstanding swap agreements	40,014	32,722

Obligation related to capital leases

A capital lease is a lease that transfers substantially all the benefits and risks inherent in ownership of the asset to the lessee. The net obligation related to capital leases represents the present values of the remaining minimum lease payments under the capital lease arrangements.

Table 6.15 presents the obligation related to capital lease agreements by asset type.

TABLE 6.15

OBLIGATION RELATED TO CAPITAL LEASES

	April 1/2008	New capital leases and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Land	9,826,632		450,948	9,375,684
Buildings	2,937,937,823		64,934,506	2,873,003,317
Works and infrastructure	653,828,939		15,407,270	638,421,669
Machinery and equipment	20,673,845	9,659,041	1,013,589	29,319,297
Vehicles	613,429,635	36,303,839	15,444,788	634,288,686
Total	4,235,696,874	45,962,880	97,251,101	4,184,408,653

Capital Leases

Table 6.16 provides details of obligation under capital lease arrangements.

TABLE 6.16

DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES

(in thousands of dollars)

				Balances at March 31, 2009		
	Inception date	Lease term in years	Implicit interest rate (%) [1]	Total estimated remaining minimum lease payments	Less: imputed interest using the implicit interest rate	Net obligations under capital lease arrangements
Canada Revenue Agency—						
IBM-Computer hardware	Oct 2008	4	3.32	3,845	220	3,625
IBM-Computer hardware	Oct 2008	4	3.32	3,327	190	3,137
IBM-Computer hardware	Oct 2008	4	3.32	2,871	164	2,707
IBM-Computer hardware	Oct 2008	4	3.32	4,341	248	4,093
				14,384	*822*	*13,562*
Environment—						
Carleton University, Ottawa	May 2002	25	5.63	23,400	8,925	14,475
National Defence—						
Longue Pointe Supply Depot	Nov 1994	35	5.27	57,901	22,590	35,311
Edmonton Armoury - South	May 2001	20	6.07	25,035	7,545	17,490
Edmonton Armoury - North	Dec 2000	20	5.62	16,485	4,418	12,067
Shawinigan Armoury	May 1999	20	5.46	5,645	1,315	4,330
Milit-Air (NFTC)	Dec 1999	20	5.78	660,519	170,404	490,115
Milit-Air (NFTC)	Oct 2003	17	5.87	82,787	23,197	59,590
Montfort Hospital - Health Services	Oct 2003	17	5.26	76,209	25,373	50,836
HMCS Chicoutimi	Oct 2004	6	0.00	11,572		11,572
IBM System Z990 Server PMO MASIS	Jan 2008	4	7.45	1,835	161	1,674
IBM - Z10 Defence Enterprise Server	Jan 2009	3	8.17	6,293	674	5,619
Heron Unmanned Air Vehicles (Noctua project)	Jan 2009	2	0.00	73,000		73,000
				1,017,281	*255,677*	*761,604*
National Film Board—						
Spirit 4K Film Scanner and DataCine	July 2008	5	8.00	1,176	140	1,036
Other capital leases less than $1,000,000				1,829	112	1,717
				3,005	*252*	*2,753*
Public Works and Government Services—						
1 Artic Road, Inuvik	March 2008	10	10.73	1,545	557	988
1130 Morrison Drive, Ottawa	April 2003	10	6.12	755	87	668
135 Hunter Street East, Hamilton	June 2003	10	5.66	1,790	199	1,591
1431 Merivale Road, Ottawa	Oct 2007	10	8.22	4,464	1,259	3,205
1484 Centennial Drive, Kingston	Oct 2006	10	18.24	4,090	1,856	2,234
1600 Star Top, Gloucester	July 2004	15	7.15	31,357	9,179	22,178
1620 Dickson Avenue, Kelowna	April 2006	10	4.38	2,448	343	2,105
18 Corporation Drive, Brampton	April 2004	9	4.37	1,825	153	1,672
1800 11th Avenue, Regina (Lease 1 of 2)	May 2008	10	4.88	1,979	383	1,596

TABLE 6.16

DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Continued*

(in thousands of dollars)

				Balances at March 31, 2009		
	Inception date	Lease term in years	Implicit interest rate (%) (1)	Total estimated remaining minimum lease payments	Less: imputed interest using the implicit interest rate	Net obligations under capital lease arrangements
1800 11th Avenue, Regina (Lease 2 of 2)	May 2008	10	9.77	1,532	519	1,013
181 Queen Street, Ottawa	March 2004	20	10.65	53,899	27,475	26,424
191 Promenade du Portage, Gatineau	Oct 2008	10	4.68	2,927	578	2,349
1925 Mc Callum Road, Abbotsford	Nov 2008	15	4.30	5,510	1,556	3,954
22 De Varennes, Gatineau	Nov 2007	10	10.97	5,321	1,884	3,437
220 Fortin Street, Quebec	Dec 2007	10	15.65	2,046	930	1,116
2204 Walkley Road, Ottawa	Sept 2004	5	11.72	482	14	468
234 Donald Street, Winnipeg	Nov 2008	10	9.16	2,874	971	1,903
240 Graham Avenue, Winnipeg	July 2008	10	7.38	10,636	2,945	7,691
255 Albert Street, Ottawa	Oct 2007	10	4.52	5,461	934	4,527
2655 Lancaster Road, Ottawa	Feb 2009	8	3.94	1,553	219	1,334
269 Laurier Avenue, Ottawa	Sept 2005	15	4.18	66,697	13,730	52,967
275 De Baets Street, Winnipeg	Feb 2007	10	17.42	2,190	999	1,191
285 Coventry Road, Ottawa	April 2002	10	6.10	6,017	531	5,486
2920 Highway 4, Antigonish	Feb 2006	10	7.76	1,119	253	866
295 Belliveau Avenue, Shediac	Jan 2007	15	7.93	4,935	1,845	3,090
325 Broadway Avenue, Winnipeg	Jan 2008	10	10.37	12,176	4,193	7,983
360 Main Street, Winnipeg (Lease 1 of 2)	Jan 2009	9	9.61	6,484	2,154	4,330
360 Main Street, Winnipeg (Lease 2 of 2)	Jan 2009	9	9.74	4,623	1,552	3,071
365 Hargrave Street, Winnipeg	July 2003	10	4.65	2,145	202	1,943
400 City Hall Square East, Windsor	Jan 2006	10	9.89	4,666	1,272	3,394
4455 12th Avenue, Shawinigan-Sud	Sept 2003	10	8.85	1,850	323	1,527
5 Lower Malpeque, Charlottetown	June 2008	10	4.19	1,294	221	1,073
50 King Street, Moncton	June 2002	10	6.40	801	78	723
50 Queen Street North, Kitchener	Nov 2006	7	7.81	3,117	504	2,613
520 Exmouth Street, Sarnia	Dec 2006	10	4.08	3,895	582	3,313
550 Boulevard de la Cité, Gatineau	Dec 2003	15	9.78	37,739	13,385	24,354
555 McAllister Drive, Saint John	Nov 2007	10	8.16	5,304	1,537	3,767
5605 70th Street, Edmonton	Nov 2008	10	6.43	8,310	6,847	1,463
60 Queen Street, Ottawa	July 2008	10	3.94	2,699	426	2,273
620 Royal Avenue, New Westminster	Nov 2008	10	11.22	2,782	1,082	1,700
65 John Savage Avenue, Dartmouth	Oct 2004	10	5.93	2,296	341	1,955
6900 Airport Road, Mississauga	Oct 2005	5	21.49	1,604	256	1,348
8 Colonnade Road, Ottawa	May 2007	10	5.91	2,353	486	1,867
859 Main Street, Moncton	July 2008	10	5.49	1,791	389	1,402
920 2A Avenue North, Lethbridge	July 2008	10	5.83	1,599	376	1,223
985 McGill Place, Kamloops	June 2002	15	13.50	2,507	993	1,514
Archives St-Augustin de Desmaures, Montreal	Oct 1999	15	14.61	5,799	1,829	3,970
Bank of Canada, Ottawa	Sept 2002	10	6.00	5,500	538	4,962
Bell Tower, Edmonton	Jan 2004	10	18.61	3,086	1,047	2,039
Bellanca Building, Yellowknife	March 2007	5	4.14	4,055	241	3,814
Boyd Warehouse, Complex No 2, Ottawa	April 2002	10	14.98	1,307	259	1,048
C. D. Howe Building, Ottawa	Sept 1977	35	9.19	20,842	3,012	17,830
Canada Building, Ottawa	April 2007	10	4.27	5,776	890	4,886
Canada Building & Enterprise Building, Ottawa	April 2004	9	5.94	28,939	3,237	25,702
Canada Place Building, Edmonton	Oct 2007	25	4.44	432,193	174,422	257,771
Canada Post Place, Ottawa	Dec 2004	15	4.91	32,741	7,294	25,447
Carling Square, Tower I, Ottawa	Oct 2007	10	11.76	7,056	2,608	4,448
Carling Square, Tower II, Ottawa	Dec 2007	10	7.83	11,666	3,216	8,450
Centennial House, Winnipeg	April 2008	10	4.69	4,620	872	3,748
Centennial Towers, Ottawa	Dec 2003	10	6.70	50,833	7,283	43,550
Colonnade Warehouse, Nepean	April 2007	10	7.80	1,644	424	1,220
Commerce Tower, Sidney	Dec 2004	7	4.21	634	35	599
Corneston E Systems, Ottawa	Sept 2006	5	6.25	1,524	119	1,405
Federal Court, Montreal	Feb 1994	20	21.53	8,269	3,156	5,113
Fontaine Building, Gatineau	Jan 2008	15	5.82	45,554	14,259	31,295
Glencoe Building, Mount Pearl	Dec 2007	10	10.74	3,407	1,196	2,211
Government of Canada Building, Cornwall	Dec 2004	15	6.07	8,440	2,239	6,201
Guy Favreau Complex, Montreal	Jan 2004	15	5.84	96,451	28,645	67,806

TABLE 6.16

DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Continued*

(in thousands of dollars)

				Balances at March 31, 2009		
	Inception date	Lease term in years	Implicit interest rate (%) (1)	Total estimated remaining minimum lease payments	Less: imputed interest using the implicit interest rate	Net obligations under capital lease arrangements
Hamilton Centre, Regina	June 2002	10	15.88	2,588	564	2,024
Harry Hays Building, Calgary	Oct 2007	25	4.44	423,107	170,907	252,200
Heritage Court, Moncton	July 2002	10	11.36	2,322	388	1,934
Historic Properties, Halifax	Jan 2006	10	8.18	2,763	645	2,118
I.C.A.O., Montreal	Nov 1996	20	9.94	108,051	37,716	70,335
IBM PEI, Summerside	Sept 2006	3	8.39	336	9	327
Jean Edmonds Tower North, Ottawa	Jan 2005	10	4.53	52,146	6,314	45,832
Joe Tobie Building, Yellowknife	April 2008	5	3.08	1,229	74	1,155
Joseph Shepard Building, Toronto	Oct 2007	25	4.44	293,865	118,683	175,182
Judicial Complex, Toronto	April 2006	20	11.40	96,433	57,086	39,347
Judy Lamarsh, Chatham (GOCB)	June 1995	25	8.70	5,231	1,892	3,339
Killeany Place Complex, Ottawa	Aug 2002	7	5.05	216	2	214
Labelle, Ottawa	April 2002	10	5.59	3,015	245	2,770
Les Galeries Laurentides, Saint-Jerome	June 2007	10	15.13	2,011	860	1,151
L'Esplanade Laurier, Ottawa	Oct 2000	10	6.90	24,567	1,776	22,791
Library Square (Block 56), Vancouver	May 1995	25	9.68	73,892	28,672	45,220
Louis St-Laurent, Gatineau	Nov 2001	15	6.38	60,918	14,924	45,994
Maritime Centre, Halifax	Oct 2006	10	10.41	1,550	477	1,073
McArthur, Ottawa	Sept 2002	10	7.91	1,472	186	1,286
Megasys Phase II, Calgary	Feb 2008	10	5.62	8,030	1,713	6,317
Mercury Centre, Ottawa	Jan 2007	25	4.50	147,903	55,469	92,434
Metropolitan Place, Dartmouth	April 2002	8	13.30	616	42	574
Midwest Surveys Building, Calgary	April 2007	10	17.88	5,341	2,510	2,831
Narono Building, Ottawa	Feb 2008	10	6.54	3,979	985	2,994
Pickering Building Towers A & B, Ottawa	Dec 2006	5	18.34	3,746	801	2,945
Place Bell Canada, Ottawa	May 2003	15	10.88	8,578	3,143	5,435
Place Bonaventure, Montreal	May 2005	10	16.43	5,357	1,983	3,374
Place Montcalm, Phase III, Gatineau	Dec 2003	15	8.65	39,338	12,741	26,597
Place Vincent Massey, Gatineau	Aug 2001	10	6.21	5,140	366	4,774
Place Wellington, Sherbrooke	Feb 2005	8	6.30	1,096	125	971
Purdy's Wharf Tower II, Halifax	Oct 2003	8	4.48	1,487	83	1,404
Queensway Corporate Campus, Phase II, Ottawa	April 2002	9	16.90	1,833	287	1,546
RCMP Building, Montreal	Oct 2007	25	4.44	73,209	29,697	43,512
Revenu Canada, Montreal	Oct 2007	25	4.44	149,511	60,426	89,085
Rosdev de Ville, Gatineau	June 2007	10	4.58	30,197	5,044	25,153
Royal Bank Building, Toronto	May 2002	10	12.50	16,152	2,805	13,347
Sir Wilfrid Laurier, Ottawa	March 2001	10	10.37	7,250	700	6,550
Skyline Complex, Ottawa	Oct 2007	25	4.44	330,313	133,677	196,636
Smith's Home Plaza, St. John's	July 2004	5	4.39	121	1	120
Terrasses de la Chaudière, Gatineau	Jan 1993	20	9.95	118,358	30,118	88,240
The Baker Center Building, Edmonton	Dec 2007	10	4.45	1,586	272	1,314
The Inuksugait Plaza, Iqaluit	Oct 2006	10	14.28	1,647	640	1,007
The New Two Seventy Building, Ottawa	June 2007	10	4.58	9,362	1,583	7,779
The Standard Life Centre, Hamilton	Dec 2007	5	11.15	2,638	481	2,157
Thomas D'Arcy McGee, Ottawa	Oct 2007	25	4.44	258,264	104,246	154,018
Tour Iberville IV, Sainte-Foy	April 2005	10	4.68	1,062	138	924
Trusco Building, Ottawa	Sept 2006	20	4.28	120,984	35,802	85,182
Urbandale Building, Ottawa	June 2002	10	4.40	1,674	114	1,560
VAC Records Management Centre, Charlottetown	Nov 2007	15	13.43	4,480	2,424	2,056
Vanquard Building, Ottawa	Nov 2007	10	4.80	4,086	742	3,344
Vault Building, Lethbridge	April 2008	10	6.18	1,813	425	1,388
Waldron Building, Yellowknife	Aug 2007	10	12.22	2,119	794	1,325
Other capital leases less than $1,000,000				75,298	25,723	49,575
				3,712,103	*1,320,939*	*2,391,164*

TABLE 6.16

DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Concluded*

(in thousands of dollars)

				Balances at March 31, 2009		
	Inception date	Lease term in years	Implicit interest rate (%) [1]	Total estimated remaining minimum lease payments	Less: imputed interest using the implicit interest rate	Net obligations under capital lease arrangements
Transport—						
Confederation Bridge	May 1997	35	6.16	1,491,380	852,958	638,422
Other departments—						
Leases less than $1,000,000				4,333	342	3,991
				6,265,886	2,439,915	3,825,971
Consolidated Crown corporations and other entities—						
Canadian Broadcasting Corporation—						
Canadian Broadcasting Centre, Toronto, Ont	May 1997	30	7.53	611,219	284,232	326,987
Canadian Museum of Nature—						
Natural Heritage Building, Gatineau, Que	Sept 1996	35	10.00	78,750	47,312	31,438
Sustainable Development Technology Canada—						
Ricoh Colour Copier	Sept 2006	5	9.53	12	2	10
Ricoh Black and White Copier	Nov 2004	5	8.01	3		3
				689,984	331,546	358,438
Total				6,955,870	2,771,461	4,184,409

[1] Lessors'/Lessees' financing rate lease agreement is subject to change over term of lease.

Maturity of obligation related to capital leases

Table 6.17 presents upcoming minimum leases payments for the next five years by ministry.

TABLE 6.17

MATURITY OF OBLIGATION RELATED TO CAPITAL LEASES
(in thousands of dollars)

	Payments due in						
	2010	2011	2012	2013	2014	2015 and subsequent years	Total
Canada Revenue Agency—							
Remaining payments	4,110	4,110	4,109	2,055			14,384
Imputed interest	394	269	139	20			822
	3,716	*3,841*	*3,970*	*2,035*			*13,562*
Environment—							
Remaining payments	1,300	1,300	1,300	1,300	1,300	16,900	23,400
Imputed interest	815	788	759	728	696	5,139	8,925
	485	*512*	*541*	*572*	*604*	*11,761*	*14,475*
National Defence—							
Remaining payments	140,803	111,574	83,929	81,881	81,838	517,256	1,017,281
Imputed interest	38,143	35,408	32,475	29,523	26,467	93,661	255,677
	102,660	*76,166*	*51,454*	*52,358*	*55,371*	*423,595*	*761,604*
National Film Board—							
Remaining payments	1,161	901	597	277	69		3,005
Imputed interest	146	74	26	6			252
	1,015	*827*	*571*	*271*	*69*		*2,753*
Public Works and Government Services—							
Remaining payments	275,460	284,991	256,729	240,245	265,394	2,389,284	3,712,103
Imputed interest	141,237	129,749	119,115	109,134	95,724	725,980	1,320,939
	134,223	*155,242*	*137,614*	*131,111*	*169,670*	*1,663,304*	*2,391,164*
Transport—							
Remaining payments	56,668	54,976	55,807	56,650	57,506	1,209,773	1,491,380
Imputed interest	40,559	38,134	38,198	38,240	38,257	659,570	852,958
	16,109	*16,842*	*17,609*	*18,410*	*19,249*	*550,203*	*638,422*
Other departments—							
Leases less than $1,000,000—							
Remaining payments	2,001	1,247	687	340	58		4,333
Imputed interest	178	99	49	14	2		342
	1,823	*1,148*	*638*	*326*	*56*		*3,991*
	260,031	254,578	212,397	205,083	245,019	2,648,863	3,825,971
Consolidated Crown corporations and other entities—							
Canadian Broadcasting Corporation—							
Remaining payments	33,039	33,039	33,039	33,039	33,039	446,024	611,219
Imputed interest	24,464	23,806	23,098	22,335	21,514	169,015	284,232
	8,575	*9,233*	*9,941*	*10,704*	*11,525*	*277,009*	*326,987*
Canadian Museum of Nature—							
Remaining payments	3,500	3,500	3,500	3,500	3,500	61,250	78,750
Imputed interest	3,104	3,062	3,017	2,967	2,912	32,250	47,312
	396	*438*	*483*	*533*	*588*	*29,000*	*31,438*
Sustainable Development Technology Canada—							
Remaining payments	7	5	3				15
Imputed interest	1	1					2
	6	*4*	*3*				*13*
	8,977	9,675	10,427	11,237	12,113	306,009	358,438
Total	269,008	264,253	222,824	216,320	257,132	2,954,872	4,184,409
Summary—							
Remaining payments	518,049	495,643	439,700	419,287	442,704	4,640,487	6,955,870
Imputed interest	249,041	231,390	216,876	202,967	185,572	1,685,615	2,771,461
Net obligation	269,008	264,253	222,824	216,320	257,132	2,954,872	4,184,409

PENSION AND OTHER LIABILITIES

Pension and other liabilities include general liabilities established under the authority of section 64 of the *Financial Administration Act*, as well as specified purpose accounts opened under the authority of section 21 of the *Financial Administration Act* or of other specific legislation. Specified purpose accounts are an accounting classification used to record transactions and expenditures in respect of money payable out of the Consolidated Revenue Fund under statutory authorities, pursuant to legislation, trusts, treaties, undertakings or contracts. Legislation relating to some of these accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

Public Sector Pensions

The Government sponsors defined benefit pension plans covering substantially all its employees, principally members of the Public Service, the Canadian Forces, including the Reserve Force and the Royal Canadian Mounted Police. It also has obligations for several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges.

The liability for public sector pensions represents the Government's obligations for the major pension plans it sponsors. It is recorded through superannuation accounts, which are generally established pursuant to legislation, and through adjustment allowance accounts. The allowance accounts are used to record: the accumulated amortization of any shortfall or excess between the liability for public sector pensions determined on an actuarial basis for accounting purposes and the balances of the superannuation accounts, the accumulated differential between interest credited to the superannuation accounts and interest based on the actuarial obligations, and any other accounting adjustment required under the Government accounting policies.

The legislation requires that all pension obligations arising from these plans be met. Prior to April 1, 2000, separate market invested funds were not maintained. Since April 1, 2000, the net amount of contributions less benefits and payments related to the Public Service, Canadian Forces and Royal Canadian Mounted Police pension plans, and since March 1, 2007 for the Reserve Force Pension Plan, are transferred to the Public Sector Pension Investment Board (PSP Investments) for investment in capital markets. The goal of PSP Investments is to achieve maximum rates of return on investments without undue risk, while respecting the requirements and financial obligations of each of the public sector pension plans. PSP Investments reports the results of the investments in an annual report tabled in Parliament.

Additional information on the above mentioned plans can be found in the annual reports of the administration of the plans that are tabled in Parliament.

i. Pension plans

Public Service Pension Plan, Canadian Forces Pension Plan including the Reserve Force Pension Plan and Royal Canadian Mounted Police Pension Plan

Under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, basic pensions for the major employees' plans are generally based on the best five consecutive years' average earnings and accrue at 2 percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pension benefits are coordinated with benefits under the Canada/Quebec Pension Plans. Pension benefits are indexed annually on January 1 to the cost of living.

During the year, there were no amendments made to the pension plans that resulted in one-time estimated past service costs.

In 2008, amendments made to the Public Service Pension Plan resulted in a one-time estimated past service cost of $9 million.

In 2008-2009, plan members' contributions were 4.9 percent (4.6 percent in 2008) for the first nine months and 5.2 percent (4.9 percent in 2008) for the last three months on salary up to the Yearly Maximum Pensionable Earnings (YMPE) for Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) purposes and 8.4 percent (8.1 percent in 2008) for the first nine months and 8.4 percent (8.4 percent in 2008) for the last three months on salary above the YMPE.

Employer contributions are made monthly to provide for the cost (net of employee contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. For fiscal year 2008-2009, the employer contribution rates averaged about 2.0, 2.8 and 2.2 (2.1, 3.0 and 2.4 respectively in 2008) times the current year's employee contribution for the plans under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, respectively.

Since April 1, 2000, new contributions made to these pension plans by both plan members and by the Government as the employer are credited to Pension Funds accounts. The net amount of these contributions less benefits and payments related to post March 2000 service is invested in capital markets by PSP Investments.

The superannuation accounts, which continue to record the transactions that pertain to pre-April 1, 2000 service, are credited with interest at rates that are based on the Government of Canada long-term bond rate. The average interest rate credited to the accounts was about 7.0 percent in 2009 and 7.3 percent in 2008. The Pension Fund accounts, which record the transactions that pertain to service since April 1, 2000, are only flow through accounts used to transfer funds to PSP Investments, and as such they do not earn interest. The balance in these accounts at year-end corresponds to money that was in transit or pending transfer to PSP Investments.

To reflect the *Income Tax Act* restrictions on the benefits payable from registered pension plans, pension legislation contains a number of provisions to allow various federal service superannuation plans to adapt to the tax restrictions. These include Retirement Compensation Arrangements Accounts established under the *Special Retirement Arrangements Act* (SRAA), to record transactions for those pension benefits above the limits, or not permitted under the *Income Tax Act*.

Members of Parliament retiring allowances

Members of Parliament are eligible at age 55 to receive a basic allowance upon termination of membership and after having contributed to the plan for at least six years. The basic allowance is based on the best five years average sessional indemnity and accrues at a rate of 3 percent of those average indemnities for both Members of the House of Commons and for Senators. Basic allowances are indexed annually on January 1 to the cost of living once recipients reach age 60.

Members' contributions for these benefits are generally 7 percent for Members of the House of Commons and for Senators. The Government contributions are made monthly to provide for the cost (net of Members' contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions expressed as a multiple of Members' contributions, are on average as follows:

	2009	2008
Members of Parliament—		
House of Commons—		
Retiring allowances account	3.7	3.5
Compensation arrangements account	7.4	6.9
The Senate—		
Retiring allowances account	3.5	3.4
Compensation arrangements account	4.8	4.8

Contributions are credited to the appropriate pension accounts. The accounts earn interest at a rate of 2.5 percent per quarter.

Pension plan for federally appointed judges

This plan provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan does not have an explicit accrual rate for benefits. Instead, the full benefit amount is generally payable when the member has completed 15 years of pensionable service and the sum of the member's age and years of service totals 80.

Judges appointed to the bench before February 17, 1975 make required contributions of 1.5 percent of salary. All other judges contribute 7 percent of salary. Legislation does not require a specific pension account to be maintained to record the transactions pertaining to this plan. Therefore, except for the portion recorded in the Supplementary Retirement Benefit Account, the liability pertaining to this plan is recorded mostly through an allowance account. During the year, benefits paid are recorded as expenditures against the statutory payment authority. The expense is adjusted at year-end through an allowance account, to bring the current year expense from an expenditure to an accrual accounting basis, similar to that of the other pension plans. During the year, the benefit payments charged to the expenditure authority amounted to $96 million ($91 million in 2008). At March 31, 2009, the portion of the pension liability recorded through an allowance account for the judges pension plan amounted to $1,687 million ($1,572 million in 2008).

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations are performed triennially for funding purposes on the five major pension plans using the projected benefit method pro-rated on services.

The most recent review date for the actuarial valuation of each pension plan is as follows:

Public Service—March 31, 2005;

Canadian Forces—March 31, 2005;

Royal Canadian Mounted Police—March 31, 2008;

Members of Parliament—March 31, 2007;

Federally appointed judges—March 31, 2007.

Actuarial valuations for the Retirement Compensation Arrangements (RCA) related to the Public Service, Canadian Forces, Royal Canadian Mounted Police and Members of Parliament pension plans were done as part of the valuation of the related plan. Actuarial valuations as at March 31, 2008, are currently in progress for the Public Service and Canadian Forces pension plans.

In accordance with the legislation governing the major pension plans, the President of the Treasury Board has the authority to direct that any actuarial deficiency identified be credited to the appropriate account or fund in equal instalments over a period not exceeding fifteen years commencing in the year in which the actuarial report is laid before Parliament. During the year, credit adjustments of $22 million, $9.5 million, and $0.6 million ($22 million, $9.5 million, and nil in 2008) were made to the Canadian Forces Pension Fund, the Retirement Compensation Arrangements Account No. 2 and the Members of Parliament Retirement Compensation Arrangements Account respectively as a result of their last actuarial valuation.

A comparable provision gives authority to deal with excesses in the superannuation accounts by debiting the appropriate account over a period of up to fifteen years. Any future surpluses identified in the Pension Funds may be dealt with by a reduction of Government and/or plan member contributions, or by withdrawing amounts from the Fund. As a result of the last actuarial valuations, no debit adjustment was made during the year (nil in 2008).

Table 6.18 presents a summary of the balances and transactions for the liability for public sector pensions. Receipts and other credits for the pension accounts consist of contributions from plan members, related contributions from the Government and participating Public Service corporations, transfers from other pension funds, other contributions related to actuarial liability adjustments, refunds of refundable tax and interest. Payments and other charges for the pension accounts consist of annuity payments for pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions, pension division payments, transfer value payments, transfers to other plans, remittances of refundable tax, payment of administrative expenses, debits resulting from triennial actuarial reviews, and transfers to PSP Investments. Adjustments to the allowance account result from annual actuarial valuations performed for accounting purposes, between the interest based on the actuarial obligations and interest credited to the pension accounts, and from any other accounting adjustment required under the Government accounting policies.

TABLE 6.18

PUBLIC SECTOR PENSIONS

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Public Service Superannuation Account, Table 6.20	91,278,938,950	6,348,117,537	4,572,260,036	93,054,796,451
Allowance for pension adjustments	(10,254,000,000)	256,000,000	602,000,000	(10,600,000,000)
	81,024,938,950	*6,604,117,537*	*5,174,260,036*	*82,454,796,451*
Public Service Pension Fund Account, Table 6.21	133,384,975	3,726,070,144	3,679,836,453	179,618,666
Allowance for pension adjustments	194,000,000	217,000,000	59,000,000	352,000,000
	327,384,975	*3,943,070,144*	*3,738,836,453*	*531,618,666*
Canadian Forces Superannuation Account, Table 6.22	44,152,653,600	3,047,496,716	2,318,580,364	44,881,569,952
Allowance for pension adjustments	(4,873,000,000)	95,000,000	330,000,000	(5,108,000,000)
	39,279,653,600	*3,142,496,716*	*2,648,580,364*	*39,773,569,952*
Canadian Forces Pension Fund Account, Table 6.23	71,693,331	1,014,246,797	1,026,647,656	59,292,472
Allowance for pension adjustments	341,000,000	14,000,000	78,000,000	277,000,000
	412,693,331	*1,028,246,797*	*1,104,647,656*	*336,292,472*
Reserve Force Pension Fund Account, Table 6.24	9,219,140	88,091,851	91,233,361	6,077,630
Allowance for pension adjustments	179,000,000	26,000,000	6,000,000	199,000,000
	188,219,140	*114,091,851*	*97,233,361*	*205,077,630*
Royal Canadian Mounted Police Superannuation Account, Table 6.25	11,989,179,669	829,142,473	511,729,500	12,306,592,642
Allowance for pension adjustments	(1,291,000,000)	11,000,000	92,000,000	(1,372,000,000)
	10,698,179,669	*840,142,473*	*603,729,500*	*10,934,592,642*
Royal Canadian Mounted Police Pension Fund Account, Table 6.26	11,186,955	358,975,964	358,464,081	11,698,838
Allowance for pension adjustments	38,000,000		25,000,000	13,000,000
	49,186,955	*358,975,964*	*383,464,081*	*24,698,838*
Members of Parliament Retiring Allowances Account, Table 6.27	523,098,300	61,526,970	21,963,895	562,661,375
Allowance for pension adjustments	(141,000,000)		28,000,000	(169,000,000)
	382,098,300	*61,526,970*	*49,963,895*	*393,661,375*
Members of Parliament Retirement Compensation Arrangements Account, Table 6.28	165,999,787	38,899,598	23,670,415	181,228,970
Allowance for pension adjustments	151,000,000	15,000,000	11,000,000	155,000,000
	316,999,787	*53,899,598*	*34,670,415*	*336,228,970*
Retirement Compensation Arrangements (RCA) Account, Table 6.29	1,669,433,811	274,046,466	189,171,726	1,754,308,551
Allowance for pension adjustments	1,310,000,000	102,000,000	85,000,000	1,327,000,000
	2,979,433,811	*376,046,466*	*274,171,726*	*3,081,308,551*
Supplementary Retirement Benefits Account (Judges), Table 6.30	139,583,572	9,753,947		149,337,519
Allowance for pension adjustments	1,572,000,000	115,000,000		1,687,000,000
	1,711,583,572	*124,753,947*		*1,836,337,519*
Supplementary Retirement Benefits Account (Others), Table 6.30	492,126	47,657	20,236	519,547
Total	137,370,864,216	16,647,416,120	14,109,577,723	139,908,702,613
SUMMARY				
Superannuation accounts	150,144,864,216	15,796,416,120	12,793,577,723	153,147,702,613
Allowance for pension adjustments	(12,774,000,000)	851,000,000	1,316,000,000	(13,239,000,000)
Total	137,370,864,216	16,647,416,120	14,109,577,723	139,908,702,613

Table 6.19 presents a summary of transactions in public sector pensions that resulted in charges to expenses. Interest is based on the actuarial obligations under the various plans. The pension interest expenses represent the interest credited to the superannuation accounts in accordance with the pension legislation, shown net of a provision of $1,503 million ($1,144 million in 2008) and of $2,413 million ($2,034 million in 2008) in expected return on pension plan assets.

TABLE 6.19

SUMMARY OF TRANSACTIONS IN PUBLIC SECTOR PENSIONS THAT RESULTED IN CHARGES TO EXPENSES

(in millions of dollars)

	2008-2009										
	Government contributions	Statutory payments	Current service cost adjustments	Net current service costs	Funding of actuarial liability adjustment	Pension Plan amendment costs	Amortization of estimation adjustments	Net pension expenses	Net pension interest expenses	Total	2007-2008
Public Service Superannuation Account[1]	29		(65)	(36)			256	220	5,747	5,967	5,957
Public Service Pension Fund Account	2,222		217	2,439			(52)	2,387	(9)	2,378	1,984
Canadian Forces Superannuation Account	3		(7)	(4)			95	91	2,716	2,807	2,868
Canadian Forces Pension Fund Account	731		(51)	680	22		(5)	697	15	712	776
Reserve Force Pension Fund Account	64		17	81			(6)	75	9	84	102
Defence Services Pension Continuation Act		7		7				7		7	7
Royal Canadian Mounted Police Superannuation Account	1		(2)	(1)			11	10	737	747	744
Royal Canadian Mounted Police Pension Fund Account	245		(19)	226			(3)	223	(3)	220	227
Royal Canadian Mounted Police Continuation Act		19		19				19		19	20
Members of Parliament Retiring Allowances Account	6			6			(1)	5	27	32	36
Members of Parliament Retirement Compensation Arrangements Account	18		(1)	17	1		(3)	15	11	26	34
Retirement Compensation Arrangements (RCA) Account	116		(30)	86	9		(12)	83	102	185	177
Supplementary Retirement Benefits Account	3			3				3		3	3
Judges Act		96	4	100			35	135	81	216	189
Other (diplomatic services, lieutenant governors, etc.)		2		2				2		2	2
Subtotal	3,438	124	63	3,625	32		315	3,972	9,433	13,405	13,126
Less: costs already recorded in the allowance for pension adjustments of previous years					(32)			(32)		(32)	(31)
Less: contributions from the Judges plan recorded to revenues		(13)		(13)				(13)		(13)	(12)
Total	3,438	111	63	3,612			315	3,927	9,433	13,360	13,083

[1] Includes payments under *Supplementary Retirement Benefits Act* and various acts.

Public Service Superannuation Account

This account, established by the *Public Service Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Public Service members up to March 31, 2000.

TABLE 6.20

PUBLIC SERVICE SUPERANNUATION ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	91,278,938,950	89,277,977,242
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees	7,988,761	8,954,994
Retired employees	27,729,494	29,375,459
Public Service corporations employees	447,930	672,733
Employer contributions—		
Government	28,519,554	30,290,329
Public Service corporations	336,904	474,820
Transfers from other pension funds	(102)	1,736,497
Interest	6,283,094,996	6,376,281,714
	6,348,117,537	6,447,786,546
	97,627,056,487	95,725,763,788
PAYMENTS AND OTHER CHARGES—		
Annuities	4,360,981,692	4,184,464,826
Minimum benefits	12,949,137	13,039,650
Pension division payments	30,758,759	32,786,630
Pension transfer value payments	44,154,692	56,836,072
Returns of contributions—		
Government employees	114,972	184,245
Public Service corporation employees	(3,346)	45,161
Transfers to other pension funds	35,705,788	89,574,514
Administrative expenses	87,598,342	69,893,740
Actuarial liability adjustment		
	4,572,260,036	4,446,824,838
Closing balance	93,054,796,451	91,278,938,950

Public Service Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000 under the *Public Service Superannuation Act*. The contributions, net of benefits and other payments, are transferred to the Public Service Pension Investment Board (PSP Investments) to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSP Investments.

TABLE 6.21

PUBLIC SERVICE PENSION FUND ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	133,384,975	139,893,664
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees	1,121,981,293	991,171,937
Retired employees	21,699,670	18,895,096
Public Service corporations employees	107,011,659	91,962,742
Employer contributions—		
Government	2,222,087,153	2,123,699,672
Public Service corporations	202,916,158	187,998,219
Actuarial liability adjustment		
Transfers from other pension funds	50,374,211	45,440,671
	3,726,070,144	3,459,168,337
PAYMENTS AND OTHER CHARGES—		
Annuities	333,397,692	238,069,481
Minimum benefits	5,195,074	5,038,314
Pension division payments	8,763,669	6,982,751
Pension transfer value payments	89,767,656	85,456,182
Returns of contributions—		
Government employees	7,171,135	6,606,191
Public Service corporation employees	2,580,753	2,024,351
Transfers to other pension funds	26,863,211	44,822,166
Administrative expenses	27,921,033	19,143,222
	501,660,223	408,142,658
Receipts and other credits less payments and other charges	3,224,409,921	3,051,025,679
Transfers to Pension Investment Board	3,178,176,230	3,057,534,368
Closing balance	179,618,666	133,384,975

Canadian Forces Superannuation Account

This account, established by the *Canadian Forces Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Canadian Forces members up to March 31, 2000.

TABLE 6.22

CANADIAN FORCES SUPERANNUATION ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	44,152,653,600	43,287,165,776
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel	3,366,759	3,624,146
Contributions by the Government	3,367,275	1,730,625
Interest	3,038,308,401	3,087,517,087
Other	2,454,281	2,504,565
	3,047,496,716	3,095,376,423
	47,200,150,316	46,382,542,199
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments	2,267,599,233	2,173,342,039
Pension division payments	32,607,204	39,527,451
Cash termination allowances and returns of contributions	630,835	1,198,042
Transfers to Public Service Superannuation Account	387,917	365,695
Administrative expenses	12,313,919	10,090,649
Pension transfer value payments	5,041,256	5,364,723
Actuarial liability adjustment		
	2,318,580,364	2,229,888,599
Closing balance	44,881,569,952	44,152,653,600

Canadian Forces Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000 under Part I of the *Canadian Forces Superannuation Act*. The contributions, net of benefits and other payments, are transferred to the Public Sector Pension Investment Board (PSP Investments) to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSP Investments.

TABLE 6.23

CANADIAN FORCES PENSION FUND ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	71,693,331	63,594,113
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel	261,156,683	237,099,827
Contributions by the Government	731,164,328	709,395,690
Transfers from other pension funds	225,786	97,920
Actuarial liability adjustment	21,700,000	21,700,000
	1,014,246,797	968,293,437
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments	120,429,208	87,518,118
Pension division payments	10,186,698	8,744,080
Cash termination allowances and returns of contributions	11,259,192	10,031,747
Transfers to Public Service Superannuation Account	330,746	251,890
Administrative expenses	3,040,095	2,037,535
Pension transfer value payments	28,243,382	9,883,021
	173,489,321	118,466,391
Receipts and other credits less payments and other charges	840,757,476	849,827,046
Transfers to Pension Investment Board	853,158,335	841,727,828
Closing balance	59,292,472	71,693,331

Reserve Force Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after March 1, 2007 in accordance with Part 1.1 of the *Canadian Forces Superannuation Act*. The contributions, net of benefits and other payments, are transferred to the Public Sector Pension Investment Board (PSP Investments) to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSP Investments.

TABLE 6.24

RESERVE FORCE PENSION FUND ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	9,219,140	3,276,291
RECEIPTS AND OTHER CREDITS		
Contributions from personnel	23,748,780	16,549,889
Contributions by the Government	64,343,071	49,707,034
	88,091,851	66,256,923
PAYMENTS AND OTHER CHARGES		
Pensions and retiring allowance payments	229,204	20,767
Cash termination allowances and returns of contributions	44,634	3,524
Administrative expenses	4,506,236	4,567,078
Pension transfer value payments	940,668	
	5,720,742	4,591,369
Receipts and other credits less payments and other charges	82,371,109	61,665,554
Transfers to Pension Investment Board	85,512,619	55,722,705
Closing balance	6,077,630	9,219,140

Certain comparative figures have been reclassified to conform to the current year's presentation

Royal Canadian Mounted Police Superannuation Account

This account, established by the *Royal Canadian Mounted Police Superannuation Act* is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Royal Canadian Mounted Police members up to March 31, 2000.

TABLE 6.25

ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	11,989,179,669	11,640,608,898
RECEIPTS AND OTHER CREDITS		
Contributions from personnel (current and arrears)	922,134	1,181,241
Contributions by the Government	889,328	1,092,284
Transfers from other pension funds		25,237
Interest	827,331,011	833,400,029
	829,142,473	835,698,791
	12,818,322,142	12,476,307,689
PAYMENTS AND OTHER CHARGES		
Annuities and allowance payments	489,924,289	461,615,671
Pension division payments	10,611,187	14,711,255
Returns of contributions	116	1,621
Cash termination allowance and gratuities		58,933
Commuted value payments	3,053,328	2,948,174
Transfers to other pension funds	99,649	196,717
Interest on returns of contributions		1,419
Administrative expenses	8,040,931	7,594,230
Actuarial liability adjustment		
	511,729,500	487,128,020
Closing balance	12,306,592,642	11,989,179,669

Royal Canadian Mounted Police Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000 under the *Royal Canadian Mounted Police Superannuation Act*. The contributions, net of benefits and other payments, are transferred to the Public Service Pension Investment Board (PSP Investments) to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSP Investments.

TABLE 6.26

ROYAL CANADIAN MOUNTED POLICE PENSION FUND ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	11,186,955	11,140,358
RECEIPTS AND OTHER CREDITS		
Contributions from personnel (current and arrears)	109,897,405	93,643,110
Contributions by the Government	245,189,558	221,154,465
Transfers from other pension funds	3,889,001	1,194,760
	358,975,964	315,992,335
PAYMENTS AND OTHER CHARGES		
Annuities and allowance payments	34,899,605	26,400,435
Minimum benefits		
Pension division payments	2,399,360	2,395,629
Returns of contributions	150,643	86,513
Cash termination allowance and gratuities		734
Commuted value payments	4,106,913	3,170,600
Transfers to other pension funds	358,422	314,011
Interest on returns of contributions	15,413	20,577
Administrative expenses	2,261,585	1,901,917
	44,191,941	34,290,416
Receipts and other credits less payments and other charges	314,784,023	281,701,919
Transfers to Pension Investment Board	314,272,140	281,655,322
Closing balance	11,698,838	11,186,955

Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members who served on or after a certain date and contributed under the Act.

TABLE 6.27

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	523,098,300	486,657,601
RECEIPTS AND OTHER CREDITS		
Members' contributions		
Current	1,654,696	1,604,755
Arrears of principal, interest and mortality insurance	35,485	30,740
Government contributions		
Current	6,065,645	5,592,419
Interest	53,771,144	50,003,648
	61,526,970	57,231,562
	584,625,270	543,889,163
PAYMENTS AND OTHER CHARGES		
Annual allowances	21,404,062	20,530,863
Withdrawal allowances	356,330	6,934
Interest on withdrawals	10,483	
Pension division payments	193,020	253,066
Transfers to other pension funds		
	21,963,895	20,790,863
Closing balance	562,661,375	523,098,300

Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members.

TABLE 6.28

MEMBERS OF PARLIAMENT RETIREMENT COMPENSATION ARRANGEMENTS ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	165,999,787	155,082,974
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current	2,611,407	2,537,360
Arrears of principal, interest and mortality insurance	32,820	42,014
Government contributions—		
Current	17,921,071	16,480,107
Interest	17,734,300	16,501,512
Actuarial liability adjustment	600,000	
	38,899,598	35,560,993
	204,899,385	190,643,967
PAYMENTS AND OTHER CHARGES—		
Annual allowances	7,431,275	6,281,662
Refundable tax remitted to Canada Revenue Agency	15,438,016	18,318,531
Withdrawals	584,741	9,730
Interest on withdrawals	19,867	
Pension division payments	196,516	34,257
	23,670,415	24,644,180
Closing balance	181,228,970	165,999,787

Retirement Compensation Arrangements (RCA) Account

The RCA was established by the *Special Retirement Arrangements Act* (SRAA) to provide pension benefits for federal employees under retirement compensation arrangements.

The RCA No.1 pays those pension benefits above the amount that may, in accordance with the *Income Tax Act* restrictions on registered pension plans, be paid under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*. The RCA No.1 was created effective December 15, 1994.

The RCA No.2 pays benefits to Public Service employees who were between age 50 and 54 and declared surplus as part of a 3 year Government downsizing initiative which ended on March 31, 1998. It pays the difference between an unreduced pension and the reduced pension for early retirement payable from the Public Service Superannuation Account. The RCA No.2 was created April 1, 1995 and is funded entirely by the Government.

TABLE 6.29

RETIREMENT COMPENSATION ARRANGEMENTS (RCA) ACCOUNT

	RCA No.1						RCA No.2			
	Public Service		Canadian Forces		Royal Canadian Mounted Police		Public Service		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
	$	$	$	$	$	$	$	$	$	$
Opening balance	643,763,221	595,383,842	183,020,932	149,350,091	23,716,847	22,258,159	818,932,811	825,841,342	1,669,433,811	1,592,833,434
RECEIPTS AND OTHER CREDITS										
Contributions										
Government employees	7,853,922	7,616,306	2,390,119	2,348,965	366,398	190,603			10,610,439	10,155,874
Retired employees	215,688	239,725							215,688	239,725
Public Service corporation employees	1,521,120	1,272,032							1,521,120	1,272,032
Employer contributions										
Government	57,847,179	54,274,959	54,764,286	48,807,450	2,914,776	1,305,758			115,526,241	104,388,167
Public Service corporations	10,573,680	9,111,188							10,573,680	9,111,188
Transfers from other pension funds	5,242	1,987							5,242	1,987
Refundable tax							7,714,836	6,081,532	7,714,836	6,081,532
Interest	47,060,117	45,147,438	14,246,848	12,035,761	1,747,333	1,656,181	55,324,922	57,902,763	118,379,220	116,742,143
Actuarial liability adjustment							9,500,000	9,500,000	9,500,000	9,500,000
	125,076,948	117,663,635	71,401,253	63,192,176	5,028,507	3,152,542	72,539,758	73,484,295	274,046,466	257,492,648
	768,840,169	713,047,477	254,422,185	212,542,267	28,745,354	25,410,701	891,472,569	899,325,637	1,943,480,277	1,850,326,082
PAYMENTS AND OTHER CHARGES										
Annuities	11,311,168	9,147,587	1,619,696	1,273,889	403,234	310,811	81,228,801	80,392,826	94,562,899	91,125,113
Minimum benefits	149,858								149,858	
Pension division	800,968	771,428		148,146	6,030				806,998	919,574
Transfer value and interest	489,657	514,772	217,604	216,754					707,261	731,526
Returns of contributions										
Government employees	27,674	6,172	12,300	37,882					39,974	44,054
Public Service corporation employees	1,318	6,519							1,318	6,519
Transfers	1,772,445	5,382,797			4,511	766			1,776,956	5,383,563
Refundable tax	52,993,610	53,454,981	35,821,650	27,844,664	2,311,202	1,382,277			91,126,462	82,681,922
	67,546,698	69,284,256	37,671,250	29,521,335	2,724,977	1,693,854	81,228,801	80,392,826	189,171,726	180,892,271
Closing balance	701,293,471	643,763,221	216,750,935	183,020,932	26,020,377	23,716,847	810,243,768	818,932,811	1,754,308,551	1,669,433,811

Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act*, to provide for pension benefit increases resulting from changes in the Consumer Price Index.

The account continues to provide for increased pension benefits resulting from indexation for pensions of federally appointed judges, and recipients of pensions under various Continuation Acts and other Acts.

TABLE 6.30

SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT

	Judges		Others [1]		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
	$	$	$	$	$	$
Opening balance	139,583,572	128,794,082	492,126	454,232	140,075,698	129,248,314
RECEIPTS AND OTHER CREDITS						
Employee contributions						
Government	2,794,108	2,688,238	16,578	(3,882)	2,810,686	2,684,356
Matching contributions						
Government	2,794,108	2,688,238	16,411	42,019	2,810,519	2,730,257
Interest	4,165,731	5,413,014	14,668	18,858	4,180,399	5,431,872
	9,753,947	10,789,490	47,657	56,995	9,801,604	10,846,485
	149,337,519	139,583,572	539,783	511,227	149,877,302	140,094,799
PAYMENTS AND OTHER CHARGES						
Annuities			20,236	66,055	20,236	66,055
Returns of contributions				(46,954)		(46,954)
			20,236	19,101	20,236	19,101
Closing balance	149,337,519	139,583,572	519,547	492,126	149,857,066	140,075,698

Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Includes lieutenant governors and non-career diplomats.

Allowance for Pension Adjustments

This account records the accounting adjustments resulting from annual actuarial valuations.

Estimation adjustments of $315 million in net losses ($269 million in net losses in 2008) due to experience gains and losses and changes in actuarial assumptions were amortized to this account and increased pension costs for the year.

An amount of $32 million ($31 million in 2008) was recorded in this account during the year to offset pension costs charged to expenses in previous years but recorded in the accounts in the year.

An amount of $63 million was credited ($165 million debited in 2008) to this account and increased (decreased in 2008) pension costs to adjust for the difference between the Government contributions and the net cost of current services.

No amount ($9 million in 2008) was recorded in this account to increase pension costs to adjust for the cost of past service related to amendments that were made to the pension plans during the year.

An amount of $1,503 million was credited to this account ($1,144 million in 2008) to adjust for the difference between interest based on the actuarial obligations and interest credited to the superannuation accounts and an amount of $2,413 million ($2,034 million in 2008) was recorded in this account to record the expected return on the pension plan assets.

As well, a consolidation adjustment of $99 million ($95 million in 2008) was credited to this account and debited against personal tax revenues to eliminate the effect of internal transactions resulting from tax amounts debited to the RCA accounts that were previously recorded as tax revenues.

The unamortized estimation adjustment of $12,590 million in net losses ($1,738 million in 2008) will be amortized to this account and will affect expenses in future years.

As a result of annual actuarial valuations for accounting purposes, the net liability for public sector pensions was found to be $648 million ($11,037 million in 2008) lower than the balance of the superannuation accounts, plus the market related value of the assets invested in PSP Investments through the Pension Funds, and the contributions receivable from employees for past service. This amount is made up of:

	Excess (shortfall) (in millions of dollars) 2009	2008
Public Service Pension Plan—		
Public Service Superannuation Account	6,453	7,689
Public Service Pension Fund	(5,892)	837
Retirement Compensation Arrangements	(1,337)	(1,179)
	(776)	7,347
Canadian Forces Pension Plan—		
Canadian Forces Superannuation Account	4,639	4,498
Canadian Forces Pension Fund	(1,271)	(143)
Reserve Force Pension Fund	(154)	(69)
Retirement Compensation Arrangements	(81)	(82)
	3,133	4,204
Royal Canadian Mounted Police Pension Plan—		
Royal Canadian Mounted Police Superannuation Account	845	1,286
Royal Canadian Mounted Police Pension Fund	(580)	59
Retirement Compensation Arrangements	(10)	1
	255	1,346
Members of Parliament Pension Plan—		
Members of Parliament Retiring Allowances	158	137
Retirement Compensation Arrangements	(159)	(151)
	(1)	(14)
Pension plan for federally appointed judges	(1,963)	(1,846)
Total	648	11,037

Other employee and veteran future benefits

The Government sponsors a variety of other future benefit plans from which employees and former employees (including military or Royal Canadian Mounted Police members), can benefit, during or after employment or upon retirement. Some are considered retirement benefits, whereby benefits are expected to be provided after retirement to employees and their beneficiaries or dependents. Others are considered post-employment benefits, whereby benefits are expected to be paid after employment but before retirement. Benefits for veterans are paid to war veterans, as well as to Canadian Forces retired veterans and Canadian Forces still-serving members. Benefits for members of the Royal Canadian Mounted Police are paid to both current and former members. These are primarily post-employment benefits, but some benefits are also paid during employment to still-serving members. They include disability and associated benefits paid to veterans or, Royal Canadian Mounted Police members, or to their beneficiaries and dependants.

The other major future benefits include the Public Service Health Care Plan and the Pensioners' Dental Services Plan available to retired employees and retired military and Royal Canadian Mounted Police members and post-employment benefits such as workers' compensation benefits and severance benefits that accumulate. Table 6.31 presents the balance of these liabilities at year-end.

TABLE 6.31

OTHER EMPLOYEE AND VETERAN FUTURE BENEFITS

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Veterans' disability and other future benefits	29,235,000,000	3,260,000,000	2,893,000,000	29,602,000,000
Royal Canadian Mounted Police disability and other future benefits	1,522,000,000	382,000,000	79,000,000	1,825,000,000
Public Service Health Care Plan	9,936,000,000	1,675,000,000	352,000,000	11,259,000,000
Pensioners' Dental Services Plan	1,881,000,000	232,000,000	63,000,000	2,050,000,000
Severance and other benefits	4,690,000,000	658,000,000	472,000,000	4,876,000,000
Workers' compensation	637,000,000	166,000,000	104,000,000	699,000,000
Total	47,901,000,000	6,373,000,000	3,963,000,000	50,311,000,000

All of these plans are unfunded. The Public Service Health Care Plan and the Pensioners' Dental Services Plan are contributory plans. Contributions by retired plan members are made to the plans only in the year the benefits are payable to retirees. Therefore the Government's liability and costs are shown net of members' contributions. The accrued benefit obligation related to these plans is determined actuarially for accounting purposes. As at March 31, the Government's recorded liability includes the following components:

(in millions of dollars)

	2009			2008
	Accrued benefit obligation	Unamortized estimation adjustments	Future benefit liability	Future benefit liability
Veterans' disability and other future benefits	44,300	(14,698)	29,602	29,235
Royal Canadian Mounted Police disability and other future benefits	3,966	(2,141)	1,825	1,522
Public Service Health Care Plan	21,176	(9,917)	11,259	9,936
Pensioners' Dental Services Plan	3,327	(1,277)	2,050	1,881
Severance and other benefits	6,382	(1,506)	4,876	4,690
Workers' compensation	796	(97)	699	637
Total	79,947	(29,636)	50,311	47,901

The cost of these benefits can accrue either during the service life of employees or upon occurrence of an event giving rise to the liability under the terms of the plans. An interest component is charged to interest on the public debt based on the average accrued benefit obligation.

During the year, there were no amendments made to other employee and vetaran future benefit plans that resulted in one-time past service costs.

In 2008, the extension of housekeeping and grounds maintenance assistance to certain eligible survivors of War Veterans and the opening of five new Operational Stress Injury Clinics across Canada to help military personnel, Royal Canadian Mounted Police members, and their families deal with stress related injuries resulted in a one-time estimated past service cost of $395 million for the veterans' future benefits and $11 million for the Royal Canadian Mounted Police future benefits.

During the year, the expense relating to these benefits was as follows:

(in millions of dollars)

	2009						2008
	Benefits earned	Plan amendment costs	Amortization of estimation adjustments	Net benefit expense	Interest cost	Total	Total
Veterans' disability and other future benefits	393		1,252	1,645	1,615	3,260	3,573
Royal Canadian Mounted Police disability and other future benefits	145		117	262	120	382	311
Public Service Health Care Plan	505		560	1,065	610	1,675	1,509
Pensioners' Dental Services Plan	77		54	131	101	232	189
Severance and other benefits[1]	381		65	446	212	658	862
Workers' compensation	129		8	137	29	166	93
Total	1,630		2,056	3,686	2,687	6,373	6,537

[1] Total expense includes a one-time adjustment of $179 million related to the Reserve Force Retirement Gratuity Program that was enhanced in 2007 and that was recorded in 2008 for the first time.

Canada Pension Plan

The Canada Pension Plan (the Plan) is a compulsory and contributory social insurance program which is designed to provide a measure of protection to Canadian workers and their families against loss of earnings due to retirement, disability or death. Established in 1965, the Plan operates in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all pensions, benefits and expenditures incurred in the administration of the Plan are financed from contributions made by employees, employers and self-employed persons, and from investment returns.

As administrator, the Government's authority to spend is limited to the Plan's net assets. At March 31, the fair value of the Plan's net assets is $110.0 billion ($126.8 billion in 2008).

The Canada Pension Plan Account (the Account) was established in the accounts of Canada to record the contributions, interest, pensions and benefits and administration expenditures of the Plan. It also records the amounts transferred to or received from the Canada Pension Plan Investment Board (the Board). The Board operates at arm's length from the Government and invests in a diversified portfolio of securities.

Amendments to the *Canada Pension Plan Act* and the *Canada Pension Plan Investment Board Act* that became effective April 1, 2004 provides for weekly transfers to the Board of any amounts held in the Account that exceed the immediate obligation of the Plan. It also allows interest to be either credited to or charged to the Account based on its closing position.

Table 6.32 presents a reconciliation between the net assets shown in the Plan's financial statements and the Account, as well as a summary of the balances and transactions in the Account which result in the deposit with the Receiver General for Canada.

TABLE 6.32

DUE TO CANADA PENSION PLAN

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Canada Pension Plan balance per audited financial statements				
Net assets per audited financial statements	126,784,689,023	12,747,002,649	29,510,062,983	110,021,628,689
Less: Receivables, net of liabilities	3,975,321,394	4,430,078,945	3,975,321,394	4,430,078,945
Accumulated net income from Canada Pension Plan Investment Board's operations	32,344,000,000		23,765,000,000	8,579,000,000
	90,465,367,629	*8,316,923,704*	*1,769,741,589*	*97,012,549,744*
Less: transfers to Canada Pension Plan Investment Board	90,358,975,850	22,567,838,115	29,131,289,178	96,922,426,913
Deposit with the Receiver General for Canada	106,391,779	30,884,761,819	30,901,030,767	90,122,831

Receipts and other credits include:

(a) contributions at the combined employer and employee rates of 9.9 percent of pensionable earnings for the 2008 and 2009 calendar years, subject to maximum combined contributions of $4,099 and $4,237 respectively;

(b) income from the average daily operating balance deposited with the Receiver General for Canada;

(c) gains on investments held by the Board; and,

(d) payments received on overpayments established.

Payments and other charges include:

(a) pensions and benefits paid under the Plan as retirement pensions, survivors' benefits paid to spouse or common-law partner and orphans, or as lump sum death benefits, and disability benefits to eligible contributors and their children;

(b) pensions and benefits paid and recovered from the Plan, in accordance with an agreement with a province providing a comprehensive pension plan;

(c) payments that are required to be charged to the Plan, in accordance with reciprocal agreements with other countries;

(d) the costs of administration of the Plan;

(e) funds transferred to the Board; and,

(f) losses on investments held by the Board.

For additional information, the financial statements of the Plan are included with other Supplementary Statements at the end of this section. Additional information on the funding of the Plan may also be obtained from the *23rd Actuarial Report on the Canada Pension Plan* prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions.

Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Government annual surplus.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and any credit needed to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items transferred to non-tax revenues. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenues.

As of March 31, 2009, over 55,928 annuitants held 60,273 active contracts, each annuitant receiving an average payment of $660.00. During the year, 212 deferred annuities came into payment and another 82 deferred contracts were terminated at or before maturity, due to death, small refunds or unclaimed funds. Therefore, as of March 31, 2009, there were 1,356 outstanding deferred annuities, the last of which will come into payment around the year 2030.

During the 2008-2009 fiscal year, 4,973 annuities were terminated or adjusted as a result of annuitant deaths: 3,130 group certificates and 1,843 individual contracts. The average age at death for males was 85.4 while the female age at death averaged 86.1.

Total income amounted to $19.3 million, $18.9 million of which represented interest of 7 percent credited to the Account. Premiums received totaled $29,198. Total disbursements of $42.0 million originated mainly from the $41.5 million in payments made under matured annuities. An amount of $86,836 was used to refund premiums at death before maturity or when the annuity would have been too small, and $137,919 was transferred to the Government's revenues as a result of unclaimed annuities.

The opening balance of $292.8 million was reduced due to a surplus as at April 1, 2008 of $2.6 million, transferred to the Government's revenues, and disbursements exceeding income by $22.4 million during 2008-2009. Since the actuarial reserves required as of March 31, 2009 were only $267.2 million, an excess amount of $3.2 million was also transferred to the Government's revenues.

Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.33 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 6.33

DEPOSIT AND TRUST ACCOUNTS

	April 1/2008 [1]	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Deposit accounts—				
Agriculture and Agri-Food—				
Contractors' security deposits—Certified cheques[2]	65,943		56,943	9,000
Canadian Dairy Commission—				
Canadian Dairy Commission account	351,982	509,572	861,554	
Canadian Food Inspection Agency—				
Contractors' security deposits—Cash[2]	51,783			51,783
	469,708	*509,572*	*918,497*	*60,783*
Canada Revenue Agency—				
Guarantee deposits	104,791,236	41,686,653	38,279,896	108,197,993
Less: securities held in trust	1,723,000	2,005,000	676,000	394,000
	103,068,236	*43,691,653*	*38,955,896*	*107,803,993*
Finance—				
Canada Development Investment Corporation—				
Holdback—Privatization	43,500,000	774,598		44,274,598
Canada Hibernia Holding Corporation—				
Abandonment reserve fund	78,478,000	15,027,999		93,505,999
	121,978,000	*15,802,597*		*137,780,597*
Human Resources and Skills Development—				
Canada Labour Code—Other	106,371	595,208	604,826	96,753
Canada Labour Code—Wage recovery appeals	387,399	420,313	302,300	505,412
Fair Wages Deposit Account		10,901	10,901	
	493,770	*1,026,422*	*918,027*	*602,165*
Indian Affairs and Northern Development—				
Field British Columbia and Yukon Operations of the Northern Canada Power Commission	992,587			992,587
Guarantee deposits	333,994,363	43,794,833	13,214,511	364,574,685
Less: securities held in trust	314,165,280	5,198,114	41,357,625	350,324,791
	19,829,083	*48,992,947*	*54,572,136*	*14,249,894*
Guarantee deposits—Oil and gas	233,116,809	302,595,611	7,116,753	528,595,667
Less: securities held in trust	228,991,723	7,116,753	302,438,206	524,313,176
	4,125,086	*309,712,364*	*309,554,959*	*4,282,491*
Guarantee deposits—Reserve resources	766,953			766,953
Special accounts—Section 63, Indian Act	461,632	4,835,835	5,152,349	145,118
Less: deposits in special bank accounts	461,632	5,152,349	4,835,835	145,118
		9,988,184	*9,988,184*	
	25,713,709	*368,693,495*	*374,115,279*	*20,291,925*
Justice—				
Courts Administration Service—				
Security for costs	34,361	4,064	12,994	25,431
Supreme Court of Canada—				
Security for costs	391,132	3,977	3,130	391,979
	425,493	*8,041*	*16,124*	*417,410*

TABLE 6.33

DEPOSIT AND TRUST ACCOUNTS—*Continued*

	April 1/2008 [1]	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Natural Resources—				
Guarantee deposits—Oil and gas	257,123,193	443,662,381	463,217,837	237,567,737
Less: securities held in trust	243,577,829	243,577,829	227,780,810	227,780,810
	13,545,364	*687,240,210*	*690,998,647*	*9,786,927*
Privy Council—				
Chief Electoral Officer—Candidates' and committees' deposits—Election and referendum	44,000	1,623,000	1,250,000	417,000
Public Safety and Emergency Preparedness—				
Canada Border Services Agency—				
Guarantee deposits	5,723,111	2,769,231	2,296,271	6,196,071
Less: securities held in trust	168,300	30,000		138,300
	5,554,811	*2,799,231*	*2,296,271*	*6,057,771*
General security deposits	5,064,597	55,866	578,401	4,542,062
Immigration guarantee fund	27,957,531	9,021,317	9,213,051	27,765,797
Temporary deposits received from importers	969,727	584,751	591,366	963,112
	39,546,666	*12,461,165*	*12,679,089*	*39,328,742*
Royal Canadian Mounted Police—				
Contractors' security deposits—Cash[2]	406,035	22,234	210,573	217,696
Public Works and Government Services—				
Contractors' security deposits—Cash	6,245,827	1,982,142	1,801,227	6,426,742
Deposits on disposals	640,498	3,691,454	3,983,157	348,795
Seized property—Cash	69,188,825	58,269,675	49,523,758	77,934,742
	76,075,150	*63,943,271*	*55,308,142*	*84,710,279*
Other departments and agencies—[3]				
Contractors' security deposits—				
Bonds	1,438,241	1,250,000		2,688,241
Less: securities held in trust	1,438,241		1,250,000	2,688,241
		1,250,000	*1,250,000*	
Cash	3,816,537	6,559,297	7,320,378	3,055,456
Certified cheques		71,339	55,889	15,450
Less: securities held in trust		10,000		10,000
		61,339	*55,889*	*5,450*
	3,816,537	*7,870,636*	*8,626,267*	*3,060,906*
Total deposit accounts	385,582,668	1,202,892,296	1,183,996,541	404,478,423
Trust accounts—				
Human Resources and Skills Development—				
Indian Residential Schools Settlement Agreement—Common Experience Payments	637,650,468	9,852,059	214,271,000	433,231,527
Indian Affairs and Northern Development—				
Indian band funds—				
Capital accounts, Table 6.34	763,267,612	237,856,379	161,601,040	839,522,951
Revenue accounts, Table 6.35	218,294,862	90,095,701	76,104,715	232,285,848
	981,562,474	*327,952,080*	*237,705,755*	*1,071,808,799*
Indian estate accounts	13,204,751	6,850,645	4,817,110	15,238,286
Indian savings accounts	38,786,567	5,728,238	4,815,034	39,699,771
	1,033,553,792	*340,530,963*	*247,337,899*	*1,126,746,856*
Industry—				
Restitutions under the Competition Act		29,966	23,881	6,085
National Defence—				
Estates—Armed services	374,251	1,842,783	2,004,553	212,481

TABLE 6.33

DEPOSIT AND TRUST ACCOUNTS—*Concluded*

	April 1/2008 (1)	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Public Safety and Emergency Preparedness—				
Canadian Security Intelligence Service—				
Scholastic awards	28,169	509	1,000	27,678
Correctional Service—				
Inmates' trust fund	14,305,529	40,857,503	39,638,641	15,524,391
Royal Canadian Mounted Police—				
Benefit trust fund	2,401,352	113,901	163,127	2,352,126
	16,735,050	*40,971,913*	*39,802,768*	*17,904,195*
Veterans Affairs—				
Administered accounts	1,660,314	307,053	177,467	1,789,900
Estates fund	4,056,629	64,588	2,498,241	1,622,976
Veterans administration and welfare trust fund	925,580	521,163	159,646	1,287,097
	6,642,523	*892,804*	*2,835,354*	*4,699,973*
Total trust accounts	1,694,956,084	394,120,488	506,275,455	1,582,801,117
Total deposit and trust accounts	2,080,538,752	1,597,012,784	1,690,271,996	1,987,279,540

(1) Certain comparative figures have been restated to conform to the current year's presentation.
(2) Previously shown under the Department of Public Works and Government Services—Contractors' security deposits (departments and agencies).

Contractors' security deposits—Certified cheques—Agriculture

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*. This account was established for banking purposes using the Consolidated Revenue Fund pursuant to section 15 of the *Canadian Dairy Commission Act*.

Contractors' security deposits—Cash—Canadian Food Inspection Agency

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Guarantee deposits—Canada Revenue Agency

This account was established to record cash securities required to guarantee payment of Goods and Services Tax (GST) as it relates to non-resident registrants and, certain licensees as it relates to excise taxes, which are both payable pursuant to the *Excise Tax Act*.

Securities held in trust by the Agency are made up of cash deposited to the Consolidated Revenue Fund.

Holdback—Privatization—Canada Development Investment Corporation

This account was established pursuant to subsection 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Crown corporations and demand for payment by purchasers pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with their sale.

Canada Hibernia Holding Corporation—Abandonment reserve fund

This account was established to record funds which will be used to defray the future abandonment costs that will occur at the closure of the Hibernia field.

Canada Labour Code—Other

This account was established to record amounts received under the provisions of section 251 of the Canada Labour Code Part III. The receipts are wage payments ordered by a Labour inspector in settlement of a wages dispute, which the employer has chosen to pay to the Minister of Labour instead of paying them directly to the employee. These amounts are then paid out to the employees.

Canada Labour Code—Wage Recovery Appeals

This account was established to record amounts received under the provisions of section 251.1 of the Canada Labour Code Part III. This requires federally-regulated employers who wish to appeal a payment order made by a Labour inspector regarding wages due to employees, to forward the amounts due to the Minister of Labour for deposit. They are held until the appeal is completed and the adjudicator has directed payment of the disputed amount to the employee or return to the employer. Deposits in this account are interest-bearing at the rate set by the Minister of Finance for contractor's deposits.

Fair wages deposit account

This account is operated under the authority of section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field, British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits—Indian Affairs and Northern Development

This account was established to record cash and securities deposited as guarantees for performance as required by permits, leases, authorizations and water licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act*, section 17 of the *Yukon Waters Act* and of the *Northwest Territories Waters Act* and various regulations under the *Territorial Lands Act*. Interest is not allowed on cash deposits.

Guarantee deposits—Oil and gas—Indian Affairs and Northern Development

This account was established to record securities in the form of cash, promissory notes, letters of credit or other acceptable instruments which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with the *Canada Petroleum Resources Act*. These securities are a performance guarantee or refundable rental that the agreed exploration work will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Guarantee deposits—Reserve resources

This account was established to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under section 57 of the *Indian Act*. Interest is allowed on cash deposits.

Special accounts—Section 63, *Indian Act*

This account was established to record funds held for Indians in authorized banks across Canada. These funds include such items as deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands. This is a non-interest bearing account.

Security for costs—Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Tax Court of Canada. These accounts record the funds paid into the Tax Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held pending payment of such funds, in accordance with an order/judgment of the Court.

Security for costs—Supreme Court of Canada

This account was established to record security to the value of $500 deposited by an Appellant with the Registrar of the Supreme Court of Canada in accordance with paragraph 60(1)(b) of the *Supreme Court Act*. As per section 87 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Guarantee deposits—Oil and gas—Natural Resources

This account was established to record securities in the form of cash, promissory notes, and bonds which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Candidates' and committees' deposits—Election and referendum

This account was established to record candidates' election and committees' referendum deposits received in respect of an election (general or by-election) or a referendum.

Pursuant to the *Canada Election Act* or the *Referendum Act*, amounts received are either refunded to candidates or committees, or are transferred to non-tax revenues.

Guarantee deposits—Canada Border Services Agency

This account was established to record cash required to guarantee payment of customs duties on imported goods pursuant to the *Customs Act*.

General security deposits

This account was established to record general security deposits from transportation companies in accordance with subsection 148 of the *Immigration and Refugee Protection Act*.

Immigration guarantee fund

This account was established by sections 14, 26, 44, 56, 58 and 148 of the *Immigration and Refugee Protection Act*, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

Temporary deposits received from importers

This account was established to record temporary security deposits received from importers to ensure compliance with various (Customs) regulations regarding temporary entry of goods.

Contractors' security deposits—Cash—Royal Canadian Mounted Police

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Contractors' security deposits—Cash—Public Works and Government Services

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Deposits on disposals

This account was established in accordance with the terms and conditions of the Real Property Disposition Revolving Fund to record receipts on disposals of properties.

Seized property—Cash

This account was established pursuant to the *Seized Property Management Act*, to record seized cash. These funds will be deposited to the Consolidated Revenue Fund and credited to the account until returned to the owner or forfeited.

Contractors' security deposits—Other departments and agencies

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Indian Residential Schools Settlement Agreement—Common Experience Payments

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts received and paid under Article 5 of the Indian Residential Schools Settlement Agreement. It was established on September 19, 2007, and provides for the payment of Common Experience Payments to eligible former students of recognized Indian Residential Schools. The account is credited with interest pursuant to section 21(2) of the *Financial Administration Act*. The Designated Amount Fund is co-administered by Indian Affairs and Northern Development and Human Resources and Skills Development Canada.

Indian band funds

This account was established to record funds belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

TABLE 6.34

INDIAN BAND FUNDS—CAPITAL ACCOUNTS

	2008-2009	2007-2008
	$	$
Opening balance	763,267,612	734,116,581
RECEIPTS AND OTHER CREDITS—		
Oil royalties	69,901,479	48,975,625
Gas royalties	148,935,569	136,311,985
Land and other claim settlements		640,000
Sundries	19,019,331	8,782,738
	237,856,379	194,710,348
	1,001,123,991	928,826,929
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	23,069,592	15,150,500
Transfer pursuant to section 64 of the Indian Act	138,529,017	150,408,817
Sundries	2,431	
	161,601,040	165,559,317
Closing balance	839,522,951	763,267,612

TABLE 6.35

INDIAN BAND FUNDS—REVENUE ACCOUNTS

	2008-2009	2007-2008
	$	$
Opening balance	218,294,862	207,924,097
RECEIPTS AND OTHER CREDITS—		
Government interest	41,124,580	41,132,930
Land and other claim settlements	13,669,273 200,000	9,620,842
Sundries	35,101,848	34,886,175
	90,095,701	85,639,947
	308,390,563	293,564,044
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	2,057,890	3,472,873
Transfer pursuant to section 69 of the Indian Act	66,695,244	69,458,867
Sundries	7,351,581	2,337,442
	76,104,715	75,269,182
Closing balance	232,285,848	218,294,862

Indian estate accounts

These accounts were established to record funds received and disbursed for estates of deceased Indians, mentally incompetent Indians and missing Indians pursuant to sections 42 to 51 and 52.3 of the *Indian Act*.

Indian savings accounts

These accounts were established to record funds received and disbursed for individual Indians pursuant to sections 52 and 52.1 to 52.5 of the *Indian Act*.

Restitutions under the Competition Act

This account was established to facilitate judgements rendered under article 52 of the *Competition Act*, and account for funds received in trust for restitution and for subsequent payment.

Estates—Armed services

This account was established to record the service estates pursuant to section 42 of the *National Defence Act* of officers and non-commissioned members who die during their service in the Canadian Forces. Under the administration of the Judge Advocate General, in his capacity as Director of Estates net assets of estates are distributed to the lawful representative of the personal estate.

Scholastic awards

This account was established to record donations of $26,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

Inmates' trust fund

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with funds received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, funds received for inmates while in custody, funds received from sales of hobby craft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

Benefit trust fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record funds received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

Administered accounts

Pursuant to section 41 of the *Pension Act*, section 15 of the *War Veterans Allowance Act, section 55 of the Veterans Treatment Regulations and section 8 of the Guardianship of Veterans Property Regulations*, these accounts are under the jurisdiction of the Department of Veterans Affairs. Funds held in these accounts include: *(a)* pensions, war veterans allowances and treatment allowances placed under the administration of the Department of Veterans Affairs; and, *(b)* benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

Estates fund

This account was established to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the appropriate legislative authority.

Veterans administration and welfare trust fund

This account was established to record donations, legacies, gifts, bequests, etc. received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations.

Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.36 presents a summary of the balances and transactions for all other specified purpose accounts.

TABLE 6.36

OTHER SPECIFIED PURPOSE ACCOUNTS

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Insurance and death benefit accounts—				
Finance—				
Office of the Superintendent of Financial Institutions—				
Insurance company liquidation		1,027,842		1,027,842
Human Resources and Skills Development—				
Civil service insurance fund	5,965,626	124,734	326,425	5,763,935
National Defence—				
Regular force death benefit account, Table 6.37	196,711,996	31,292,372	35,411,599	192,592,769
Treasury Board—				
Public Service death benefit account, Table 6.38	2,570,039,743	271,612,688	139,430,586	2,702,221,845
Veterans Affairs—				
Returned soldiers' insurance fund	13,443	1,279	1,846	12,876
Veterans insurance fund	5,737,687	117,305	975,122	4,879,870
	5,751,130	*118,584*	*976,968*	*4,892,746*
Total insurance and death benefit accounts	2,778,468,495	304,176,220	176,145,578	2,906,499,137
Pension accounts—				
Human Resources and Skills Development—				
Annuities agents' pension account	588	1,551	1,610	529
Public Safety and Emergency Preparedness—				
Royal Canadian Mounted Police—				
Dependants' pension fund	28,537,258	1,943,016	2,648,727	27,831,547
Total pension accounts	28,537,846	1,944,567	2,650,337	27,832,076
Other accounts—				
Agriculture and Agri-Food—				
AgriInvest Program	69,496,274	551,165,409	262,816,217	357,845,466
Canadian Agricultural Income Stabilization	246,915,625	4,773,735,737	4,960,007,419	60,643,943
Canadian Food Inspection Agency—				
Shared-cost agreements	1,366,815	867,753	442,101	1,792,467
	317,778,714	*5,325,768,899*	*5,223,265,737*	*420,281,876*
Atlantic Canada Opportunities Agency—				
Federal/provincial agreement—Advance account	576,393	590,000	963,393	203,000
Canada Revenue Agency—				
Deposits/Disbursements—Worker's Compensation Board		226,518,188	226,518,188	
Canadian Heritage—				
Miscellaneous projects deposits	321,307	147,164	279,754	188,717
Library and Archives of Canada—				
Special Operating Account	248,515	545,123	403,763	389,875
Telefilm Canada—				
Advance account	37,365,024	160,222,766	150,309,081	47,278,709
	37,934,846	*160,915,053*	*150,992,598*	*47,857,301*
Citizenship and Immigration—				
Immigrant investor program	44,800,000	553,916,000	565,116,000	33,600,000

TABLE 6.36

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Environment—				
Miscellaneous projects deposits	5,074,840	2,859,280	2,535,718	5,398,402
Parks Canada Agency—				
Miscellaneous projects deposits	857,722	1,598,945	990,411	1,466,256
	5,932,562	*4,458,225*	*3,526,129*	*6,864,658*
Finance—				
Common school funds—Ontario and Quebec	2,677,771			2,677,771
Foreign claims fund	179,020			179,020
War claims fund—World War II	4,236			4,236
	2,861,027			*2,861,027*
Fisheries and Oceans—				
Federal/provincial cost-sharing agreements	565,373	872,601	398,437	1,039,537
Miscellaneous projects deposits	12,356,331	13,270,504	14,026,674	11,600,161
Sales of seized assets	566,519	584,639	436,875	714,283
	13,488,223	*14,727,744*	*14,861,986*	*13,353,981*
Foreign Affairs and International Trade—				
Canada Foundation account	358,522			358,522
Less: securities held in trust	351,370			351,370
deposits in a special bank account	7,152			7,152
Financial assistance to Canadians abroad	75,552	1,165,553	1,161,832	79,273
Funds from non-governmental organizations	1,388,239	10,498,173	10,380,117	1,506,295
Shared-cost projects	10,777,776	44,142,913	45,205,177	9,715,512
Canadian International Development Agency—				
Shared-cost projects—Support to education programs	1,839,886	14,640,827	15,480,713	1,000,000
NAFTA Secretariat, Canadian Section—				
Shared-cost agreements	1,099			1,099
	14,082,552	*70,447,466*	*72,227,839*	*12,302,179*
Health—				
Collaborative research projects	2,329,616	1,096,157	1,349,908	2,075,865
Miscellaneous federal/provincial projects	1,213,702	336,428	60,350	1,489,780
World Health Organization	104,515			104,515
Public Health Agency of Canada—				
Collaborative research projects	536,015	1,054,604	368,612	1,222,007
Miscellaneous federal/provincial projects	1,023,415		40,177	983,238
	5,207,263	*2,487,189*	*1,819,047*	*5,875,405*
Human Resources and Skills Development—				
Federal/provincial shared-cost project	2,578,560	27,300,005	27,241,484	2,637,081
Federal/provincial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS)	1,602,137	1,000,016	787,355	1,814,798
Labour standards suspense account	1,446,338	39,031	7,544	1,477,825
Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Ontario	42,975,114	419,000,000	447,787,357	14,187,757
Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-British Columbia		53,190,000	42,157,068	11,032,932
Canadian Centre for Occupational Health and Safety—				
Shared-cost agreements—Canadien Centre for Occupational Health and Safety		45,000		45,000
	48,602,149	*500,574,052*	*517,980,808*	*31,195,393*
Indian Affairs and Northern Development—				
Indian special accounts	383,842	6,660	3,094	387,408
Indian band funds—				
Shares and certificates	20,000			20,000
Less: securities held in trust	20,000			20,000

TABLE 6.36

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Indian compensation funds	222,340			222,340
Indian moneys suspense account	34,239,118	35,119,835	36,064,001	33,294,952
Non-Indian moneys[1]	490,363	2,872,843	3,611,164	(247,958)
	35,335,663	*37,999,338*	*39,678,259*	*33,656,742*
Industry—				
Canada/Provinces Business Service Centre	97,716	400,000	495,953	1,763
Income from securities in trust—Bankruptcy and Insolvency Act	52,031			52,031
Petro-Canada Enterprises Inc—Unclaimed shares	690,111		961	689,150
Securities in trust—Bankruptcy and Insolvency Act	31,266			31,266
Less: securities held in trust	31,266			31,266
Shared-cost/joint project agreements—Research	44,747	65,000	27,852	81,895
Shared-cost projects	1,258,933	797,134	907,838	1,148,229
Unclaimed dividends and undistributed assets—				
Bankruptcy and Insolvency Act	17,327,180	3,453,743	1,766,472	19,014,451
Canada Business Corporations Act	7,545,255	43,337	36,248	7,552,344
Winding-up and Restructuring Act	726,572	554,772		1,281,344
Canadian Space Agency—				
Radarsat	104,300			104,300
Statistics Canada—				
Project deposits	6,368,375	119,842,911	121,496,370	4,714,916
	34,215,220	*125,156,897*	*124,731,694*	*34,640,423*
Justice—				
Courts Administration Service—				
Special account	4,667,035	4,374,122	2,603,868	6,437,289
National Defence—				
Foreign governments—				
United Kingdom—				
British Army—Suffield, Alberta	30,275,715	64,573,843	93,577,946	1,271,612
Wainwright, Alberta	1			1
Other activities	471,269			471,269
Federal Republic of Germany—				
German Army—Shilo, Manitoba	215,937			215,937
Other activities				
Netherlands	1,443,495		38,399	1,405,096
Italian Air Force Training	9,098	13,032	13,033	9,097
Air projects	4,221,417	946,994	5,168,410	1
Security	1,292,459	2,443,590		3,736,049
NATO Flying Training Centre				
Assistant Deputy Minister (Materiel)	544,175			544,175
	38,473,566	*67,977,459*	*98,797,788*	*7,653,237*
Joint research and development projects	9,280,454	480,592	718,514	9,042,532
Non-government agencies	2,326,767	2,274,677	1,705,756	2,895,688
North Atlantic Treaty Organization (NATO) Infrastructure projects	6,618,109	742,669	7,360,776	2
The Military Museum (formerly Museum of the Regiments)	375,804	2,250,000	2,403,031	222,773
	57,074,700	*73,725,397*	*110,985,865*	*19,814,232*
Natural Resources—				
Market development incentive payments—Alberta	4,690,934	4,664,104	4,690,934	4,664,104
Newfoundland Offshore Revenue Account	1	2,114,642,112	2,114,642,111	2
Nova Scotia Offshore Revenue Account		492,131,629	492,131,629	
Shared-cost agreements—Research	1,342,722	7,642,965	8,192,096	793,591
Shared-cost projects	12,061,949	16,219,295	16,612,572	11,668,672
Canadian Nuclear Safety Commission—				
Security equipment purchases	41,458	113,194	50,081	104,571
Joint projects				
	18,137,064	*2,635,413,299*	*2,636,319,423*	*17,230,940*

TABLE 6.36

OTHER SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	April 1/2008	Receipts and other credits	Payments and other charges	March 31/2009
	$	$	$	$
Privy Council—				
Shared-cost projects—Media travel expenses	965,687	394,377	525,393	834,671
Public Safety and Emergency Preparedness—				
Joint research and development projects	1,370,099		96,802	1,273,297
Royal Canadian Mounted Police—				
Joint research and development projects	1,510,767		209,485	1,301,282
Seized assets—Canadian funds	647,966	2,506	250	650,222
	3,528,832	*2,506*	*306,537*	*3,224,801*
Public Works and Government Services—				
Credit card—Special project fund	924,992			924,992
Francophone Summits	18,318	73,025	68,306	23,037
Military purchases excess funds deposit	129,597,327	68,753,695		198,351,022
Less: securities held in trust	129,597,327		68,753,695	198,351,022
		68,753,695	*68,753,695*	
	943,310	*68,826,720*	*68,822,001*	*948,029*
Transport—				
Crown Corporation Trusts—Donations	100		100	
Veterans Affairs—				
Shared-cost agreements	10,464	8,357	1,548	17,273
Total	646,141,804	9,806,303,829	9,761,246,413	691,199,220
Less: consolidation adjustment[2]	37,365,024		9,913,685	47,278,709
Total other accounts	608,776,780	9,806,303,829	9,771,160,098	643,920,511
Total other specified purpose accounts	3,415,783,121	10,112,424,616	9,949,956,013	3,578,251,724

[1] The debit balance in this account will be adjusted in the next fiscal year to reflect an entry that was not processed in 2008-2009. This account has a revised credit balance of $264,215 as at March 31, 2009.

[2] Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Insurance company liquidation

This account was established to record receipts and disbursements resulting from the liquidation of the estate, of various insurance companies for which the Superintendent of Financial Institutions is the court appointed liquidator.

Civil service insurance fund

This account was established by the *Civil Service Insurance Act*, introduced to enable the Minister of Finance to contract with a person appointed to a permanent position in any branch of the public service, for the payment of certain death benefits. No new contracts have been entered into since 1954, when the Supplementary Death Benefit Plan for the Public Service and Canadian Forces was introduced as part of the *Public Service Superannuation Act* and the *Canadian Forces Superannuation Act*, respectively. As of April 1st, 1997, the Department of Human Resources and Skills Development (Human Resources and Skills Development) assumed responsibility for the administration and the actuarial valuation of the *Civil Service Insurance Act*.

The number of policies in force as of March 31, 2009 was 1,149 and the average age of the policyholders was 89.1 years. During the year, premiums of $2,032 were received. Death benefits, settlement annuities and premium refunds of $326,425 were paid during 2008-2009.

According to the actuarial valuation and with the prescribed actuarial assumptions, the liabilities in respect of the benefits provided under the Act are estimated at $5,763,935 as at March 31, 2009. The balance in the Account as at March 31, 2009 is $5,641,233. The deficit as at March 31, 2009 is therefore $122,702. Pursuant to subsection 16(3) of the Civil Service Insurance Regulations, an amount of $122,702 has therefore been credited to the Account in 2008-2009.

Regular force death benefit account

This account was established by the *Canadian Forces Superannuation Act*, to provide life insurance to contributing members and former members of the Canadian Forces. Receipts and other credits consist of: *(a)* contributions by participants; *(b)* Government's contribution paid in respect of participants; *(c)* single premiums payable by the Government in respect of participants who became entitled to a basic benefit of $5,000 without contribution; and, *(d)* interest.

Payments and other charges consist of: *(a)* benefits paid in respect of participants; *(b)* benefits paid in respect of elective; and, *(c)* the portion of benefit payable for which a single premium has been paid by the Government.

TABLE 6.37

REGULAR FORCE DEATH BENEFIT ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	196,711,996	196,642,116
RECEIPTS AND OTHER CREDITS—		
Contributions by personnel	15,052,330	14,877,752
Government's contribution	2,293,568	2,007,070
Single premiums payable by the Government in respect of regular force participants who became entitled to a basic benefit of $5,000 without contribution	593,118	587,652
Interest	13,353,356	13,908,051
	31,292,372	31,380,525
	228,004,368	228,022,641
PAYMENTS AND OTHER CHARGES—		
Benefits paid in respect of participants who, at the time of death, were members of the regular force, or who were elective regular force participants	35,411,599	31,310,645
Closing balance	192,592,769	196,711,996

Public Service death benefit account

This account was established under the *Public Service Superannuation Act*, to provide life insurance to contributing members of the Public Service.

The account is credited with: *(a)* contributions by employees; *(b)* contributions by the Government and Public Service corporations; and, *(c)* interest. Payments and other charges represent: *(a)* benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and, *(b)* benefits of $10,000 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf a single premium for $10,000 death benefit coverage for life has been made.

TABLE 6.38

PUBLIC SERVICE DEATH BENEFIT ACCOUNT

	2008-2009	2007-2008
	$	$
Opening balance	2,570,039,743	2,442,941,725
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees—		
Government and Public Service corporations	81,448,228	76,769,559
Government		
General	8,483,041	8,190,526
Single premium for $10,000	1,842,593	1,662,946
Public Service corporations	1,072,326	1,022,750
Interest	178,766,500	176,473,318
	271,612,688	264,119,099
	2,841,652,431	2,707,060,824
PAYMENTS AND OTHER CHARGES—		
Benefit payments		
General	101,256,684	97,786,749
Life coverage for $10,000	37,663,129	38,764,647
Other death benefit payments	510,773	469,685
	139,430,586	137,021,081
Closing balance	2,702,221,845	2,570,039,743

Returned soldiers' insurance fund

This fund was established by the *Returned Soldiers' Insurance Act*, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2009 of $1,279 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was August 31, 1933.

Veterans insurance fund

This fund was established by the *Veterans' Insurance Act*, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2009 of $114,320 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was October 31, 1968.

Annuities agents' pension account

This account was established by Vote 181, *Appropriation Act No. 1, 1961*, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

Dependants' pension fund

This fund, which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5 percent contribution from the pay of members of the Force (other than commissioned officers) who are subject to the *Pension Continuation Act*. There are no longer any active members amongst the contributors.

AgriInvest Program

On March 9, 2007, the Prime Minister announced the Government's intent to pursue agreement with the provinces and territories on a producer savings account program that would replace the coverage for small income declines provided by the Canadian Agricultural Income Stabilization (CAIS) program.

On June 29, 2007, the federal, provincial, and territorial Ministers of Agriculture agreed in *Growing Forward*, a bold market-driven vision for Canada's agriculture, agri-food and agri-based products industry. *Growing Forward* includes a new suite of business risk management programs that are more responsive, predictable and bankable for producers.

The new suite of business risk management programs were established under the *Farm Income Protection Act* and include the following:

- AgriInvest: A producer savings account program to help cover small margin declines.

- AgriStability: A program designed to cover larger margin declines caused by circumstances such as low prices, production losses, and rising input costs.

- AgriInsurance: A program that includes existing production insurance that offer protection for production losses by uncontrollable weather related perils and is being expanded to include other commodities.

- AgriRecovery: A disaster relief framework providing a coordinated process for federal, provincial and territorial governments to respond to disasters and help producers quickly.

The AgriInvest and AgriStability programs were set to replace CAIS starting with the 2007 program year.

In the 2007 budget, $600 million was committed to kick-start AgriInvest Kickstart accounts. This is a one-time short term federal program. This initiative is a special measure designed to provide a federal payment to all eligible producers in the form of initial contributions to their accounts. Thereafter, each year AgriInvest account holders can deposit up to 1.5 percent of their Allowable Net Sales (i.e. Sales of eligible commodities less Purchases of eligible commodities) into their accounts and receive a matching contribution from the federal and provincial governments.

AgriInvest and AgriStability programs are cost-shared with provinces and territories on a 60/40 basis. The provinces and territories are invoiced for their share of the contributions which are held in the specified purpose accounts. The specified purpose accounts are drawn down as AgriInvest account holders request withdrawals.

Canadian Agricultural Income Stabilization

On December 11, 2003, the Minister of Agriculture and Agri-Food Canada announced that the Agricultural Policy Framework (APF) had received the necessary signatures required for the implementation. This resulted in the launching of the Canadian Agricultural Income Stabilization (CAIS) program and the ending of the Net Income Stabilization Account (NISA) program after the 2002 stabilization year.

This NISA program was established by section 15 of the *Farm Income Protection Act* and the Federal/Provincial Agreement establishing the Net Income Stabilization Account Program, to help participating producers of qualifying agricultural commodities achieve long term improved income stability. The Program allows participants to deposit funds up to predetermined limits into an account held at a participating financial institution, and receive matching contributions from the federal and provincial governments.

The federal government and the provinces have approved the wind down of the NISA program at the end of the 2002 stabilization year. Participants will then have a maximum of five years, with minimum of 20 percent annual withdrawals of the balance of their accounts, to withdraw their funds from the Program.

The CAIS program is designed to help producers protect their farming operation from both small and large drops in income. In general, individuals or entities that derive income from primary production of agricultural commodities, as defined by the program, are eligible to participate in the CAIS program. The CAIS program and Production Insurance are the two main programs under the Business Risk Management component of the APF.

The program payments are based on declines in reference margins and are shared 60/40 with the provinces for which the Administration delivers. The provinces are invoiced by the Administration for their 40 percent share of the contributions which are held in a specified purpose account and drawn down as applications are processed.

An amendment was ratified where the deposit was eliminated and replaced with a fee beginning with the 2006 program year. The fee is more affordable and does not require producers to tie up working capital.

The CAIS program ends with the delivery of the 2006 program year benefits.

The account records the following transactions relating to the Consolidated Revenue Fund:

(a) Government matching contributions on NISA participant matchable deposits. For the 2002 stabilization year, with the exception of Alberta, the federal and provincial governments provided base matching contributions equal to two thirds and one third, respectively of participant matchable deposits. The federal Government contributed the full 3 percent for Alberta;

(b) interest paid by the federal Government on NISA funds held in the Consolidated Revenue Fund, at rates and in accordance with terms and conditions determined by the Minister of Finance;

(c) interest paid by participating financial institutions on funds held for participants, at rates set by negotiation between the participant and the financial institution;

(d) the provincial share of CAIS funds received to cost/share payments to producers; and,

(e) the fee received from producers.

Shared-cost agreements—Canadian Food Inspection Agency

This account was established to record amounts deposited by external parties for shared-cost research projects. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Federal/provincial agreement—Advance account

This account was established to record deposits from non-federal partners for their share of costs under various projects. Funds are disbursed on behalf of contributors as projects are undertaken. Unused funds are to be returned to contributors.

Deposits/Disbursements—Worker's Compensation Board

This account was established under the authority of the *Canada Revenue Agency Act* and the *Worker's Compensation Act*, to enable the Canada Revenue Agency to record and forward on daily basis, funds received from Nova Scotia employers to the Worker's Compensation Board of Nova Scotia, as part of a partnership arrangement between the Agency and the Board.

Miscellaneous projects deposits—Canadian Heritage

This account was established to record contributions received from organizations and individuals for various projects.

Special Operating Account

This account was established pursuant to section 18 of the *Library and Archives of Canada Act*, which also directed that *(a)* the account be credited with funds received for the purpose of the Library and Archives Canada by way of donation, bequest or otherwise and *(b)* any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

Advance account—Telefilm Canada

This account was established pursuant to section 19 of the *Telefilm Canada Act*, to reserve for use in future years, funds generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

Immigrant investor program

This account was established to record the receipt and disbursement of amounts received under the Immigrant Investor Program in accordance with section 12(2) of the *Immigration and Refugee Protection Act* and section 91(d) of the Immigration and Refugee Protection Regulations. This program allows qualified immigrants to gain permanent residence in Canada by making an investment in the Canadian economy.

Miscellaneous projects deposits—Environment

This account was established to record contributions received from organizations and individuals, for the advancement of research work.

Miscellaneous projects deposits—Parks Canada Agency

This account was established to record contributions received from organizations and individuals for various projects.

Common school funds—Ontario and Quebec

This account was established under *12 Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of $133,889, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 percent per annum, and is charged to interest on the public debt.

Foreign claims fund

This account was established by Vote 22a, *Appropriation Act No. 9, 1966*, to record: *(a)* such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, *(b)* all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

War claims fund—World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record funds received from the Custodian of Enemy Property or from other sources, and payments: *(a)* to eligible claimants for compensation in respect of World War II; *(b)* of a supplementary award amounting to 50 percent of the original award (PC 1958-1467, October 23, 1958); and, *(c)* of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Federal/provincial cost-sharing agreements

This account was established to record the deposit of funds received from the provinces for cost-shared programs according to official signed agreements.

Miscellaneous projects deposits—Fisheries and Oceans

This account was established to record contributions received from organizations and individuals, for the advancement of research work.

Sales of seized assets

The account was established to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Funds so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

Canada Foundation account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record funds received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

Financial assistance to Canadians abroad

This account was established to record funds received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

Funds from non-governmental organizations

This account was established to record funds received as prepayment for services to be performed by the Department of Foreign Affairs and International Trade on behalf of third parties.

Shared-cost projects—Foreign Affairs and International Trade

This account was established to record funds received from organizations outside the Government of Canada accounting entity for shared-cost projects.

Shared-cost projects—Support to education programs

This account was established to record deposits received and payments made in accordance with authorities for shared-cost projects to support programs in the education sector.

Shared-cost agreements—NAFTA Secretariat, Canadian Section

This account was established to record funds received from the United States and the Mexican Section of the NAFTA Secretariat, for the development and administration of common information management systems.

Collaborative research projects—Health

This account was established to record funds received from client groups for cost shared and joint project research agreements.

Miscellaneous federal/provincial projects—Health

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

World Health Organization

This account was established to record funds received from the World Health Organization, for scientific projects.

Collaborative research projects—Public Health Agency of Canada

This account was established to record funds received from client groups for cost shared and joint project research agreements.

Miscellaneous federal/provincial projects—Public Health Agency of Canada

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

Federal/provincial shared-cost project—Human Resources and Skills Development

This account was established to record the deposit of advance payments made by provinces towards the costs of projects and programs for which there is a cost-sharing agreement with the federal Government. Disbursements are made to pay the provinces' share of costs per official agreements or to refund unused amounts.

Federal/provincial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS)

This account was established to record advance payments received from provincial governments to cover their share of the costs of the ICEMS Project. Advance payments are made pursuant to the ICEMS Framework Agreement. The costs incurred are charged to the account and any unexpended funds will be returned to provinces at the end of the project.

Labour standards suspense account

This account was established under the authority of section 23 of the Canada Labour Standards Regulations to record wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees. Wages are paid out when employees are located or when employees contact the department for payment.

Provincial funding for collaborative arrangement —Labour Market Development Agreement (LMDA) - Ontario

This account was established to record deposits of payments from the province of Ontario to Human Resources and Skills Development under the LMDA. The funding provided by the Province of Ontario is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

Provincial funding for collaborative arrangement —Labour Market Development Agreement (LMDA) - British Columbia

This account was established to record deposits of payments from the province of British Columbia to Human Resources and Skills Development under the LMDA. The funding provided by the Province of British Columbia is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

Shared-cost agreements—Canadian Centre for Occupational Health and Safety

This account represents funds contributed to a joint federal/provincial sponsored inquiries services provided by Canadian Centre for Occupational Health and Safety.

Indian special accounts

Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purpose and include the following:

(a) Quebec fur account—This account was established to record funds received from the sales of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc.

(b) Off-reserve housing program—Personal Contributions—This account was established to record personal contributions held in trust until paid to the vendor, builder or legal representative.

(c) Fines—Indian Act—Fines collected as defined in section 104 of the *Indian Act*, are credited to this account for the benefit of the bands or members of the bands. Expenditures may be made per the direction of the Governor in Council to cover certain costs in the administration or promotion of the purpose of the relative law.

Indian band funds—Shares and certificates

This account was established under the *Indian Act*, to record the historical value of Transalta Utilities Ltd shares received as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

Indian compensation funds

This holding account was established to record moneys received from the sales of Indian lands and easement compensation where the title has not been cleared nor the land survey completed.

Indian moneys suspense account

This account was established to hold moneys received for individual Indians and bands, that cannot be disbursed to an Indian, or credited to an Indian Band Fund or Individual Trust Fund account, pending execution of the related lease, permit or licence, settlement of litigation, registration of the Indian or identification of the recipient.

Non-Indian moneys

This account was established to collect "Provincial Mineral Revenues" on behalf of the Province of Saskatchewan and remit the same in the manner as described in an agreement between the two parties. The collection and remittance arrangement is anticipated to terminate upon the expiry or forfeiture of all Replacement Mineral Dispositions or earlier if the Disposition Holders decide to stop drilling. All revenue moneys collected, received or held by the Crown for the use and benefit of the First Nations or its members cease to be Indian moneys and must be transferred to the First Nations. Monies must be held separately in a non-Indian moneys account. This account is interest bearing.

The debit balance in this account is the result of a processing delay and will be cleared in the new fiscal year.

Canada/Provinces Business Service Centre

This account was established to record funds received from other provinces under cost-sharing agreements for the Canada-Ontario Business Service Centre.

Income from securities in trust—Bankruptcy and Insolvency Act

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

Petro-Canada Enterprises Inc—Unclaimed shares

This account was established by Section 227 of the *Canada Business Corporation Act* to record the liability to shareholders who have not presented their shares for payment.

Securities in trust—Bankruptcy and Insolvency Act

This account was established by section 67 of the *Bankruptcy and Insolvency Act*, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Shared-cost/joint project agreements—Research

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Shared-cost projects—Industry

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Unclaimed dividends and undistributed assets—Bankruptcy and Insolvency Act

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets—Winding-up and Restructuring Act

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up and Restructuring Act*, pending distribution.

Radarsat

This account was established to record funds received for both cost-sharing and advance payments for Radarsat scenes.

Project deposits—Statistics Canada

This account was established to record deposits received from outside parties to secure payments for special statistical services.

Special account—Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Federal Court and Federal Court of Appeal. These accounts record the funds paid into the Federal Court and Federal Court of Appeal, pursuant to an order of the Courts, rules of the Courts or statutes, to be held pending payment of such funds, in accordance with an order/judgment of these Courts.

Foreign governments

These accounts were established to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Joint research and development projects—National Defence

This account was established to record funds received from the private sector through collaborative relationships where the work is shared between the government and the private sector laboratory.

Non-government agencies

This account was established to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

North Atlantic Treaty Organization (NATO)—Infrastructure projects

These accounts were established to record funds received from NATO to cover *(a)* NATO infrastructure projects implemented by Canada, and, *(b)* other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

The Military Museum (formerly Museum of the Regiments)

The account was established to manage donations made to National Defence by interested parties for renovations to the existing structure and construction of a new wing to The Military Museum located in Calgary, Alberta.

Market development incentive payments—Alberta

This account records funds received from the Government of Alberta, to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986, however, payments continued to be made from the account for selected programs, which encouraged the use of natural gas for vehicles. What is to be done with the remaining funds under this account is currently under review.

Newfoundland Offshore Revenue Account

This account was established pursuant to section 214 of the *Canada-Newfoundland Atlantic Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Newfoundland offshore area with the Province of Newfoundland. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) are credited to this account and subsequent payments to the Province of Newfoundland are charged thereto.

Nova Scotia Offshore Revenue Account

This account was established pursuant to section 219 of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Nova Scotia offshore area with the Province of Nova Scotia. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) are credited to this account and subsequent payments to the Province of Nova Scotia are charged thereto.

Shared-cost agreements—Research—Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private industries and other governments for joint projects or shared-cost research agreements.

Shared-cost projects—Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private organizations and other governments for cost-sharing scientific projects.

Security equipment purchases

Funds deposited in this account by licensees are used to provide for payment of purchases of security equipment for the licensees' facilities in accordance with security arrangements mandated pursuant to the *Nuclear Safety and Control Act*.

Joint projects

The purpose of this account is to hold funds provided by the International Atomic Energy Agency (IAEA). These funds are expended towards joint Canadian Nuclear Safety Commission (CNSC) and International Atomic Energy Agency (IAEA) project, pursuant to the *Nuclear Safety and Control Act* and Canada's International Obligations under Safeguards.

Shared-cost projects—Media travel expenses

This account records medias' (non-governmental organizations) reimbursements for travel arrangement services rendered to them.

Joint research and development projects—Public Safety and Emergency Preparedness

This account was established to record funds received to conduct joint research and development projects.

Joint research and development projects—Royal Canadian Mounted Police

This account was established to record funds received from other government organizations in order to share costs incurred under various research project agreements.

Seized assets—Canadian funds

This account was established to record funds seized during the course of investigations and drug seizures under the Criminal Code of Canada, the *Narcotic Control Act*, the *Food and Drug Act*, the *Customs Act* and the *Excise Act*. The funds are held pending Court decisions.

Credit card—Special project fund

This account was established to record funds received from American Express (AMEX) to improve the Travel Card Program.

Francophone Summits

This account was established to record funding granted since 1994 by the "Agence intergouvernementale de la Francophonie (Paris)", which changed its name in 2006 to the "Organisation internationale de la Francophonie", for projects involving the development of French and partner languages in order to express scientific and technical modernity.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unused funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Crown Corporation Trusts—Donations

This account was established to record, on a temporary basis, *(a)* donations intended for the development and operations of the Downsview Park, Toronto; and, *(b)* donations from private sector entities to support the Old Port of Montreal.

Shared-cost agreements—Veterans Affairs

This account was established to record transactions relating to share of costs incurred under federal/provincial cost-sharing agreements and funding for research and other projects at Sainte Anne's Hospital.

SUPPLEMENTARY STATEMENTS

Canada Pension Plan

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Canada Pension Plan have been prepared in accordance with Canadian generally accepted accounting principles for the public sector, by the management of Human Resources and Skills Development Canada (the Department).

Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The financial information presented throughout the Annual Report is consistent with the financial statements.

In support of its responsibilities, management has developed and maintains systems of internal control and supporting procedures. They are designed to provide reasonable assurance that assets are safeguarded, records are properly maintained and that transactions are properly authorized and are in accordance with the *Canada Pension Plan Act*, the *Financial Administration Act* and their accompanying regulations. These controls include the establishment of an organizational structure that provides a well defined division of responsibilities and accountability, the selection and training of qualified staff, and the communication of policies and guidelines throughout the organization. Internal controls are reviewed and evaluated by both internal and external auditors in accordance with their respective audits. Management also reviews the recommendations of its internal and external auditors for improvements in internal controls.

The Auditor General of Canada, the external auditor of the Canada Pension Plan, has conducted an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and has reported to the Minister of Human Resources and Skills Development.

JANICE CHARETTE
Deputy Minister
Human Resources and
Skills Development Canada

MICHAEL J. SAUCIER, CMA
Acting Chief Financial Officer
Human Resources and
Skills Development Canada

August 21, 2009

AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES AND SKILLS DEVELOPMENT

I have audited the consolidated statement of net assets of the Canada Pension Plan as at March 31, 2009 and the consolidated statements of changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the management of Human Resources and Skills Development Canada. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the net assets of the Canada Pension Plan as at March 31, 2009 and the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
August 21, 2009

Canada Pension Plan—*Continued*

CANADA PENSION PLAN

CONSOLIDATED STATEMENT OF NET ASSETS
AS AT MARCH 31
(in millions of dollars)

	2009	2008
Assets		
Cash (Note 3)	95	109
Receivables (Note 4)	4,796	4,264
Investments (Schedule, Note 6)	109,198	126,208
Amounts receivable from pending trades (Schedule, Note 6)	3,245	4,471
Other assets	38	76
	117,372	135,078
Liabilities		
Payables and accrued liabilities (Note 8)	468	392
Investment liabilities (Schedule, Note 6)	2,149	1,478
Amounts payable from pending trades (Schedule, Note 6)	4,733	6,423
	7,350	8,293
Net assets	110,022	126,785

Commitments (Note 12)
Contingencies (Note 13)

The accompanying notes and consolidated schedule are an integral part of these consolidated financial statements.

Approved by:

JANICE CHARETTE
Deputy Minister
Human Resources and
Skills Development Canada

MICHAEL J. SAUCIER, CMA
Acting Chief Financial Officer
Human Resources and
Skills Development Canada

Canada Pension Plan—*Continued*

CANADA PENSION PLAN

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31
(in millions of dollars)

	2009	2008
Net assets, beginning of year	126,785	119,831
Increase		
Contributions	36,506	35,346
Net investment loss (Note 9)		
Realized (losses) gains	(17,841)	3,783
Unrealized losses	(9,326)	(8,013)
Interest income	1,568	1,668
Dividend income	2,179	2,383
Other income	326	268
Transaction costs	(93)	(113)
Investment management fees	(383)	(233)
	(23,570)	(257)
	12,936	35,089
Decrease		
Pensions and benefits		
Retirement	21,140	19,838
Survivor	3,786	3,661
Disability	3,326	3,303
Disabled contributor's child	278	274
Death	288	271
Orphan	215	217
Net overpayments	(28)	(28)
	29,005	27,536
Operating expenses (Note 10)	694	599
	29,699	28,135
Net (decrease) increase in net assets	(16,763)	6,954
Net assets, end of year	110,022	126,785

The accompanying notes and consolidated schedule are an integral part of these consolidated financial statements.

Canada Pension Plan—*Continued*

CANADA PENSION PLAN

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31

(in millions of dollars)

	2009	2008
Operating activities		
Cash receipts		
Contributions	35,973	34,551
Dividends on investments	2,134	2,377
Interest on investments	1,818	2,230
Other investment income	300	218
Cash payments		
Pensions and benefits	(28,929)	(27,440)
Operating expenses	(678)	(624)
Investment management fees	(356)	(216)
Transaction costs	(85)	(107)
Cash flows from operating activities	10,177	10,989
Financing activities		
Issuance of debt	86	5
Repayment of debt	(68)	(146)
Payment of interest on debt	(60)	(67)
Cash flows used in financing activities	(42)	(208)
Investing activities		
Purchases		
Equities	(117,905)	(136,650)
Inflation sensitive investments	(6,546)	(4,318)
Fixed income investments	(11,524)	(9,055)
Money market securities	(425,983)	(307,626)
Other debts	(1,774)	(1,166)
Absolute return strategies	(820)	(1,452)
Premises and equipment	(20)	(14)
Disposals		
Equities	109,421	130,359
Inflation sensitive investments	5,770	3,529
Fixed income investments	11,978	10,365
Money market securities	426,858	305,019
Other debts	(225)	6
Absolute return strategies	621	275
Cash flows used in investing activities	(10,149)	(10,728)
Net (decrease) increase in cash	(14)	53
Cash, beginning of year	109	56
Cash, end of year	95	109

The accompanying notes and consolidated schedule are an integral part of these consolidated financial statements.

Canada Pension Plan—*Continued*

CANADA PENSION PLAN

CONSOLIDATED SCHEDULE OF INVESTMENTS
AS AT MARCH 31
(in millions of dollars)

	2009	2008
Equities (Note 6a)		
Canada		
Public equities	8,058	17,276
Private equities	775	644
	8,833	17,920
Foreign developed markets		
Public equities	19,057	30,395
Private equities	13,100	12,693
	32,157	43,088
Emerging markets		
Public equities	3,866	571
Private equities	240	127
	4,106	698
Total equities	45,096	61,706
Fixed income (Note 6b)		
Bonds	26,915	27,192
Other debts	1,828	1,144
Money market securities	14,569	18,798
Total fixed income	43,312	47,134
Absolute return strategies (Note 6c)	1,830	1,547
Inflation sensitive assets (Note 6d)		
Public real estate	255	488
Private real estate	7,610	7,421
Inflation-linked bonds	775	3,962
Infrastructure	4,584	2,776
Total inflation sensitive assets	13,224	14,647
Investment receivables		
Securities purchased under reverse repurchase agreements (Note 6e)	4,000	
Accrued interest	558	661
Derivatives receivables (Note 6f)	1,042	344
Dividends receivables	136	169
Total investment receivables	5,736	1,174
Total investments	109,198	126,208
Investment liabilities		
Securities sold under repurchase agreements (Note 6e)	(99)	
Debt on private real estate properties (Note 6d)	(930)	(980)
Derivatives liabilities (Note 6f)	(1,120)	(498)
Total investment liabilities	(2,149)	(1,478)
Amounts receivable from pending trades	3,245	4,471
Amounts payable from pending trades	(4,733)	(6,423)
Net investments	105,561	122,778

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

1. Description of the Canada Pension Plan

(a) Description of the Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial plan established by an Act of Parliament in 1965.

The CPP began operations in 1966. It is a compulsory and contributory social insurance program operating in all parts of Canada, except Quebec, which operates the Régime de rentes du Québec, a comparable program. The Plan's objective is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death.

The Canada Pension Plan Investment Board (CPPIB) was established pursuant to the *Canada Pension Plan Investment Board Act*. The CPPIB is a federal Crown corporation and all of its shares are owned by Her Majesty the Queen in right of Canada.

The Minister of Human Resources and Skills Development is responsible for the administration of the *Canada Pension Plan* (under the *CPP Act*); the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPPIB is responsible for managing the amounts that are being transferred under Section 108.1 of the *Canada Pension Plan Act*. It acts in the best interests of the beneficiaries and contributors under the Act.

In accordance with the *CPP Act*, the financial activities of the Canada Pension Plan are recorded in the CPP Account (Note 3). The financial transactions affecting the Account are governed by the *CPP Act* and its regulations. The Plan's investments are held by the CPPIB. The CPPIB's transactions are governed by the *Canada Pension Plan Investment Board Act* and its accompanying regulations. The CPPIB's assets are to be invested with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and its ability to meet its financial obligations on any given business day.

The CPPIB and its subsidiaries are exempt from Part I income tax under paragraphs 149(1)(d) and 149 (1)(d.2) of the *Income Tax Act* (Canada) on the basis that all of the shares of the CPPIB and its subsidiaries are owned by Her Majesty the Queen in right of Canada or by a corporation whose shares are owned by Her Majesty the Queen in right of Canada, respectively.

The CPPIB is designed to operate at arm's length from the government. It is required to be accountable to the public, Parliament (through the federal Minister of Finance), and the provinces. It provides regular reports of its activities and the results achieved.

As stated in the *CPP* and *CPPIB Acts*, changes to these Acts require the approval of at least two-thirds of the provinces that have, in the aggregate, not less than two-thirds of the population of all included provinces.

(b) Financing

The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP. Self-employed workers pay the full amount.

The CPP was initially designed to be financed on a pay-as-you-go basis, which means that the Plan would operate on a current basis with pensions and benefits being paid out of current contributions. With changes made to the Act in 1997, the CPP is now intended to be funded on a "steady-state" basis – that is, combined employer-employee contributions of 9.9 percent of pensionable earnings. While the net asset value does not cover the actuarial present value of accrued pensions and benefits, it is expected to provide a capitalization level of 25 percent of the Plan's liability by the year 2025 as per the last triennial Actuarial Report issued in 2007.

The *CPP Act* stipulates that an actuarial report shall be prepared every three years for purposes of the review of the financial state of the CPP by the Minister of Finance and his provincial counterparts. The most recent triennial report, the Twenty-third Actuarial Report of the Chief Actuary as at December 31, 2006, was tabled in Parliament on October 29, 2007. The report concluded that the CPP is financially sound and the 9.9 percent combined employee-employer contribution rate reached in 2003 is expected to be sufficient to sustain the Plan in the face of an aging population.

A number of assumptions such as long term rate of return on assets, inflation rate, mortality rates, increase in salary and benefit rates, among other things, were used in the Twenty-third Actuarial Report. These assumptions reflect best estimates of future economic and demographic events. The next triennial actuarial report as at December 31, 2009 is expected to be completed by December 2010.

(c) Net assets of the Plan

The net assets of the Plan are comprised of the deposit with the Receiver General for Canada and investments held by the CPPIB. They represent funds accumulated for the payment of pensions, benefits and operating expenses.

As at March 31, 2009, the value of the Plan's net assets is $110.0 billion (2008 – $126.8 billion). This amount represents approximately 3.8 times the total of pensions and benefits in 2009 (2008 – 4.6 times). According to the Twenty-third Actuarial Report, this is expected to grow to 5.5 times by 2019 and remain somewhat stable as the baby boom generation retires between 2015 and 2030.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

(d) Pensions and benefits

Retirement pensions – A retirement pension is payable to each contributor at age 60 or older, according to the provisions of the Act. The monthly amount is equal to 25 percent of the contributor's average monthly pensionable earnings during the pensionable period. The amount may be reduced or increased depending upon whether the contributor applies for a retirement pension before or after age 65. This adjustment cannot exceed 30 percent. The maximum new monthly pension payable at age 65 in 2009 is $908.75 (2008 – $884.58).

Disability benefits – A disability benefit is payable to a contributor who is disabled, according to the provisions of the Act. The amount of the disability benefit to be paid includes a flat-rate portion and an amount equal to 75 percent of the earned retirement pension. The maximum new monthly disability benefit in 2009 is $1,105.99 (2008 – $1,077.52).

Survivor's benefits – A survivor's benefit is payable to the spouse or common-law partner (the beneficiary) of a deceased contributor, according to the provisions of the Act. For a beneficiary under the age of 65, the benefit consists of a flat-rate portion and an amount equal to 37.5 percent of the deceased contributor's earned retirement pension. A beneficiary between the ages of 35 and 45 who is not disabled or who has no dependent children receives reduced benefits. For beneficiaries aged 65 and over, the benefit is equal to 60 percent of the retirement pension granted to the deceased contributor. The maximum new monthly benefit payable to a beneficiary in 2009 is $545.25 (2008 – $530.75).

Disabled contributor's child and orphan benefits – According to the provisions of the Act, each child of a contributor who is receiving disability benefits or a child of a deceased contributor is entitled to a benefit as long as the child is under the age of 18, or is between the ages of 18 and 25 and attending school full-time. The flat-rate monthly benefit in 2009 is $213.99 (2008 – $208.77).

Death benefits – According to the provisions of the Act, a death benefit is a one-time payment to, or on behalf of, the estate of a contributor. The benefit amounts to either 10 percent of the maximum pensionable earnings in the year of death or six times the monthly retirement pension granted to the deceased contributor, whichever is less. The maximum death benefit in 2009 is $2,500 (2008 – $2,500).

Pensions and benefits indexation – As required by the Act, pensions and benefits are indexed annually based on the Consumer Price Index for Canada. The rate of indexation for 2009 is 2.5 percent (2008 – 2.0 percent).

2. Significant accounting policies

(a) Basis of presentation

These financial statements are presented on a consolidated basis. They include the consolidated net assets, the consolidated changes in net assets and the consolidated cash flow of the CPP and the CPPIB. These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector and conform to the disclosure and accounting requirements of the *CPP Act*.

These consolidated financial statements do not provide information on the actuarial estimates required to meet future obligations of the CPP since the *CPP Act* does not require that the pensions and benefits be pre-funded.

The CPP, which is under joint control of the Government of Canada and participating provinces, is not considered to be part of the reporting entity of the Government of Canada. Accordingly, its financial activities are not consolidated with those of the Government.

(b) Changes in accounting policies

Financial Instruments

The CPP uses fair value for the preparation of its consolidated financial statements. The CPPIB uses the Canadian generally accepted accounting principles for the private sector. On April 1, 2008, the CPPIB adopted Canadian Institute of Chartered Accountants ("CICA") section 3862, Financial Instruments – Disclosures and section 3863, Financial Instruments – Presentation. These two new sections have replaced the disclosure and presentation requirements of section 3861, Financial Instruments – Disclosure and Presentation, and enhance disclosures regarding the nature and extent of risks arising from financial instruments and how the entity manages those risks (see Note 5).

Capital disclosures

On April 1, 2008, the CPPIB adopted CICA section 1535, *Capital Disclosures*. Section 1535 requires an entity to disclose its objectives, policies and processes for managing capital, which for the CPPIB, is its net investments. The adoption of section 1535 relates only to note disclosures and did not have an impact on the CPP Consolidated Financial Statements.

(c) Valuation of investments, investment receivables and investment liabilities

Investments, investment receivables and investment liabilities are recorded on a trade date basis and are stated at fair value. Fair value is an estimate of the amount of the consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets. These valuation techniques include using recent arm's length market transactions, if available, or current fair value of another investment that is substantially the same, discounted cash flow analysis, option pricing models and other accepted industry valuation methods.

Fair value is determined as follows:

i. Fair value for publicly-traded equities is based on quoted market prices. Where the market price is not available or reliable, such as those for securities that are not sufficiently liquid to be used as a basis for fair value, fair value is determined using accepted industry valuation methods.

ii. Fair value for fund investments is generally based on the net asset value as reported by the external managers of the funds or other accepted industry valuation methods.

iii. Private equity and infrastructure investments are either held directly or through ownership in limited partnership arrangements. The fair value for investments held directly is determined using accepted industry valuation methods. These methods include considerations such as earnings multiples of comparable publicly-traded companies, discounted cash flows using current market yields of instruments with similar characteristics and third party transactions, or other events which would suggest a change in the value of the investment. In the case of investments held through a limited partnership, fair value is generally determined based on relevant information reported by the General Partner using similar accepted industry valuation methods.

iv. Fair value for marketable bonds is based on quoted market prices. Where the market price is not available, fair value is calculated using discounted cash flows based on current market yields of instruments with similar characteristics.

v. Fair value for non-marketable Canadian government bonds is calculated using discounted cash flows based on current market yields of instruments with similar characteristics, adjusted for the non-marketability and rollover provisions of the bonds.

vi. Money market securities are recorded at cost, which, together with accrued interest income, approximates fair value due to the short-term nature of these securities.

vii. Fair value for public real estate investments is based on quoted market prices.

viii. Fair value for private real estate investments is determined using accepted industry valuation methods, such as discounted cash flows and comparable purchase and sales transactions. Debt on private real estate investments is valued using discounted cash flows based on current market yields for instruments with similar characteristics.

ix. Fair value for inflation-linked bonds is based on quoted market prices.

x. Fair value for exchange-traded derivatives, which include futures, is based on quoted market prices. Fair value for over-the-counter derivatives, which include swaps, options, forward contracts and warrants, is determined based on the quoted market prices for underlying instruments where available. Otherwise, fair value is based on other accepted industry valuation methods using inputs such as equity prices and indices, broker quotations, market volatilities, currency exchange rates, current market interest rate yields, credit spreads and other market-based pricing factors. In determining fair value, consideration is also given to liquidity risk and the credit risk of the counterparty.

Direct investments in private equities, infrastructure and private real estate have fair values derived primarily from assumptions based on non-observable market data. The fair value of these direct investments is based on accepted industry valuation methods that may include the use of estimates made by management, appraisers or both where significant judgment is required. By using valuation methods based on reasonable alternatives assumptions, different fair values at March 31, 2009 could result. Management has determined that the potential impact on fair values using these reasonable alternative assumptions would not be significant.

(d) Contributions

Contributions include CPP contributions earned for the year. The Canada Revenue Agency (CRA) collects contributions and measures them using the assessment of tax returns. In determining the amount of contributions earned for the year, the CRA considers cash received and contributions assessed, and makes an estimate for contributions related to tax returns not yet assessed. This estimate is subject to review and adjustments. Adjustments, if any, are recorded as contributions in the year they are known.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

(e) Investment income

Income from investments is recognized on an accrual basis and includes realized gains and losses from investments, unrealized gains and losses on investments held at the end of the year, dividend income (recognized on ex-dividend date), interest income and net operating income from private real estate investments. Distributions received from limited partnerships and funds are recognized as interest income, dividend income, realized gains and losses from investments or return of capital, as appropriate.

(f) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment. Transaction costs are expensed as incurred and recorded as a component of net investment income.

(g) Translation of foreign currencies

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the transaction date. Investments and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year-end date with any resulting foreign exchange gain or loss included in net gain (loss) in net investment loss (See Note 9).

(h) Pensions and benefits

Pensions and benefits expenses are recorded when payable or reasonably estimated.

(i) Tax deductions due to Canada Revenue Agency

Tax deductions due to CRA consist primarily of voluntary and non-resident taxes withheld from pensions and benefit payments to CPP beneficiaries.

(j) Net overpayments

Net overpayments are comprised of overpayments of pensions and benefits that were established during the year less remissions of debts granted.

(k) Operating expenses

Operating expenses are recorded as incurred.

(l) Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported values of assets and liabilities as at the date of the financial statements, and income and expenses during the reporting period. Significant estimates and judgments are required principally in determining the reported estimated contributions, allowance for doubtful accounts, contingencies and fair values of investments since these determinations include estimates of expected future cash flows, rates of return and the impact of future events. Actual results could differ significantly from those estimates.

(m) Future accounting policy change

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS"). The CPPIB will adopt IFRS for interim and annual periods commencing April 1, 2011, together with the disclosure of prior years' comparative figures.

The CPPIB has developed a conversion plan and is in the process of assessing the impact that IFRS could have on its operations, financial position and results of operations. As the CPP is not subject to the adoption of IFRS, it will assess the impact of the CPPIB's adoption of IFRS on its consolidated financial statements and will review the restatements made to CPPIB's information to ensure they are fairly presented in accordance with Canadian generally accepted accounting principles for the public sector.

3. Cash

Cash consists of the total cash held by the CPP Account and the CPPIB. The CPP Account was established in the accounts of Canada by the *CPP Act* to record the contributions, interest, pensions, benefits and operating expenses of the Plan. It also records the amounts transferred to or received from the CPPIB. As at March 31, 2009, the deposit with the Receiver General for Canada in the CPP Account is $90 million (2008 – $106 million) and CPPIB's cash is $5 million (2008 – $3 million) for a total of $95 million (2008 – $109 million) in the Consolidated Statement of Net Assets and the Consolidated Statement of Cash Flow.

4. Receivables

	2009	2008
	(in millions of dollars)	
Contributions	4,662	4,128
Régime de rentes du Québec	98	100
Beneficiaries		
Balance of pensions and benefits overpayments	98	94
Allowance for doubtful accounts	(62)	(58)
Total receivables	4,796	4,264

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

The Department has procedures to detect overpayments. During the year, overpayments totalling $31 million (2008 – $32 million) were established and remissions of debts totalling $3 million (2008 – $3 million) were granted. A further $24 million was recovered (2008 – $24 million).

5. Investment activities risk management

The CPPIB is exposed to a variety of financial risks as a result of its investment activities. These risks are market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The CPPIB manages and mitigates financial risks through the Risk/Return Accountability Framework that is contained within the investment policies approved by the Board of Directors at least once every fiscal year. This framework contains risk limits and risk management provisions that govern investment decisions.

Included within the Risk/Return Accountability Framework is an active risk limit which represents a limit on the amount of investment risk that the CPPIB can take relative to the CPP Reference Portfolio. The CPP Reference Portfolio is approved by the Board of Directors and serves as a performance benchmark against which the CPPIB's value-added activities are measured. It represents a low-cost strategic alternative to the CPP Investment Portfolio. The objective of the CPPIB is to create value-added investment returns greater than the returns that would be generated by the CPP Reference Portfolio. The CPPIB monitors the active risk in the CPP Investment Portfolio daily and reports active risk exposures to the Board of Directors at least on a quarterly basis.

i. Market Risk:

Market risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices and rates. As discussed above, the CPPIB manages market risk through the Risk/Return Accountability Framework. This includes investing across a wide spectrum of asset classes and investment strategies to earn a diversified risk premium at the total fund level, based on risk limits established in the investment policies. In addition, derivatives are used, where appropriate, to manage certain market risk exposures (See Note 6f). Market risk is comprised of the following:

Currency Risk: The CPPIB is exposed to currency risk through holdings of investments in various currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value and future cash flows of these investments.

In Canadian dollars, the net underlying currency exposures, after allocating foreign currency derivatives, as at March 31 are as follows:

	2009		2008	
Currency	Net exposure	% of total	Net exposure	% of total
	(in millions of dollars)			
United States dollar	25,698	57	23,586	49
Euro	7,988	18	10,813	23
Japanese Yen	3,907	9	4,910	10
British Pound Sterling	2,436	5	3,593	8
Hong Kong Dollar	1,363	3	467	1
Australian dollar	875	2	1,243	3
Other	2,604	6	2,961	6
Total	44,871	100	47,573	100

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

Interest Rate Risk: Interest rate risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market interest rates. The CPPIB's interest bearing investments are exposed to interest rate risk.

Equity Price Risk: Equity price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

In addition to the above, the CPPIB is indirectly exposed to market risk on the underlying securities of fund investments.

Value at Risk:

CPPIB uses Value at Risk ("VaR") methodology to monitor market risk exposure in the CPP Investment Portfolio. VaR is a statistical technique that is used to estimate the potential loss in value of an investment as a result of movements in market rates and prices over a specified time period and for a specified confidence level. The VaR calculated by the CPPIB is estimated using a historical simulation method, incorporating the most recent 10 years of weekly market returns, evaluated at a 90 percent confidence level and scaled to a one-year holding period.

VaR is valid under normal market conditions and does not specifically consider losses arising from severe market events. It also assumes that historical market data is a sound basis for estimating potential future losses. If future market conditions and interrelationships of interest rates, foreign exchange rates and market prices differ significantly from those of the past, then the actual losses could materially differ from those estimated. The VaR measure provides an estimate of a single value in a distribution of potential losses that the CPP Investment Portfolio could experience. It is not an estimate of the worst case scenario.

Other assumptions under the historical simulation method for estimating VaR include:

- An estimate for VaR at a one-year holding period can be derived from a simulation based on weekly market returns by using a time-based scaling factor;
- Incorporating the most recent 10 years of market data is sufficient to reasonably estimate the potential loss in value at a 90 percent confidence level; and
- The public market proxies used to represent private market investment returns (e.g. those for private real estate and private equities) are reasonable for estimating their contribution to the VaR.

The CPPIB monitors the active risk of the CPP Investment Portfolio relative to the CPP Reference Portfolio. Changes in active risk are largely independent of changes in VaR in the CPP Reference Portfolio and CPP Investment Portfolio.

As at March 31, 2009, VaR at a 90 percent confidence level indicates that one year in 10 the portfolio can be expected to lose at least the following amounts:

	VaR	% of CPP investment portfolio [1]
	(in millions of dollars)	
CPP reference portfolio	10,370	9.7
CPP investment portfolio active risk	1,720	1.6
CPP investment portfolio[2]	11,351	10.6

[1] Excludes certain assets where the market risk exposure is not monitored using VaR, such as the assets of the Cash for Benefits Portfolio which is a separately managed short-term cash management program designed to facilitate monthly benefit payments by the CPP.

[2] CPP Investment Portfolio VaR is less than the sum of the CPP Reference Portfolio VaR and CPP Investment Portfolio Active Risk due to the beneficial impact of risk diversification.

ii. Credit Risk:

Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations or a reduction in the value of the assets due to a decline in the credit quality of the borrower, counterparty, guarantor or the assets (collateral) supporting the credit exposure. The CPPIB's most significant exposure to credit risk is its investment in debt securities and over-the-counter derivatives (as discussed in Note 6f). The carrying amounts of these investments as presented in the Consolidated Schedule of Investments represent the maximum credit risk exposure at the balance sheet date.

Oversight for credit risk resides with the CPPIB's Credit Committee, a sub-committee of their Investment Planning Committee ("IPC"), and chaired by their Chief Operations Officer. The IPC, chaired by the President and Chief Executive Officer is accountable for monitoring and managing the total portfolio strategic risk exposures and providing strategic direction to the investment departments. The Credit Committee advises the IPC on the total portfolio exposure to credit risk and whether changes are warranted in the allocation of credit risk within the overall limits established by their Board of Directors. The Credit Committee ensures that the credit risks are identified, measured and monitored regularly and communicated at least monthly to the IPC and at least quarterly to the Board of Directors.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

Credit risk measurement and reporting are performed by professional risk managers within CPPIB's Investment Risk Management group ("IRM"). IRM provides qualitative and quantitative analysis and oversight of credit risk, monitoring exposure limits, augmented by detailed analysis of single-name and sector exposures. Credit VaR is the common measure of credit risk across all investment strategies. IRM works closely with the investment departments to provide an evaluation of the credit risk created by significant transactions. Detailed reports of credit risk and counterparty exposures are provided weekly to CPPIB's management and at least monthly to their Credit Committee and their IPC.

The CPPIB manages credit risk by setting overall credit exposure limits by credit rating category. The Board of Directors approves the credit exposure limits at least once every fiscal year. Counterparties are assigned a credit rating as determined by a recognized credit rating agency, where available, or as determined through an internal credit rating process. Where the internal credit rating is lower than the rating determined by a recognized credit rating agency, the internal credit rating will prevail. Credit exposure to any single counterparty is limited to maximum amounts as specified in the investment policies. The Credit Committee has also established single-name sub-limits within the credit exposure limits to mitigate risks arising from concentrated exposures to certain counterparties. IRM measures and monitors sub-limits and credit exposure limits daily for compliance and reports to the Credit Committee and IPC at least monthly, or more frequently as necessary.

The fair value of debt securities and over-the-counter derivatives exposed to credit risk, by credit rating category and without taking into account any collateral held or other credit enhancements, are as follows:

(in millions of dollars)

	As at March 31, 2009					
Credit Rating	Bonds[1][2]	Money market securities[1]	Reverse repurchase agreements[1][3]	Over-the-counter derivatives	Total	% of total
AAA/R-1 (high)	8,257	11,634		598	20,489	44
AA/R-1 (mid)	15,627	2,286		172	18,085	39
A/R-1 (low)	4,127		4,003	31	8,161	17
BBB/R-2 (low)	229				229	
Total	28,240	13,920	4,003	801	46,964	100

[1] Includes accrued interest.
[2] Includes inflation-linked bonds.
[3] As at March 31, 2009, fixed income securities with a fair value of $4,084 million and an AAA credit rating were received as collateral which mitigates the credit risk exposure on the reverse repurchase agreements (see Note 6f).

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

Credit risk exposure on over-the-counter derivatives is mitigated through the use of master netting arrangements and collateral. Master netting arrangements are entered into with all counterparties so that, if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. Credit support annexes are negotiated with certain counterparties and require that collateral, in the form of cash or fixed income securities, be provided to the CPPIB when the positive fair value of the derivative contract exceeds certain threshold amounts. As at March 31, 2009, master netting arrangements and collateral held reduced the credit risk exposure to over-the-counter derivatives from $801 million to $432 million.

In addition to the above, the CPPIB is indirectly exposed to credit risk on the underlying securities of fund investments.

iii. Liquidity Risk:

Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost-effective manner to meet investment commitments as they come due. The CPPIB mitigates liquidity risk through its unsecured credit facilities (see Note 7) available in the amount of $1.5 billion (2008 – $1.5 billion) and the ability to readily dispose of certain investments that are traded in an active market. These include a liquid portfolio of publicly-traded equities, money market securities, marketable bonds and inflation-linked bonds.

The CPPIB is also exposed to liquidity risk through its responsibility for providing cash management services to the CPP (see Note 11). In order to manage liquidity risk associated with this short-term cash management program, the assets required for this purpose are segregated from the investment portfolio and separately managed as the Cash for Benefits Portfolio. Liquidity risk is also managed by investing these assets in liquid money market instruments with the primary objective to ensure that the CPP has the necessary liquidity to meet benefit payment obligations on any business day.

6. Investments and investment liabilities

As stated in Note 1, the role of the CPPIB is to invest the assets with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day. To achieve their mandate, the CPPIB has established investment policies in accordance with its regulations. These set out the manner in which their assets shall be invested and their financial risks managed and mitigated through the Risk/Return Accountability Framework.

(a) Equities

i. Public equity investments are made directly or through funds. Investment management fees are paid to investment managers for externally managed investments and include an incentive portion that fluctuates with investment performance. As at March 31, 2009, public equities include fund investments with a fair value of $1,730 million (2008 – $1,202 million).

ii. Private equity investments are generally made directly or through ownership in limited partnership arrangements which have a typical term of 10 years. The private equity investments represent equity ownerships or investments with the risk and return characteristics of equity. As at March 31, 2009, private equities include direct investments with a fair value of $2,906 million (2008 – $3,219 million).

With respect to limited partnership arrangements, the CPPIB advances capital to the limited partnerships, a portion of which, commonly referred to as management fees, is used by the General Partners to select and provide ongoing management support to the underlying companies. Management fees generally vary between one percent and two percent of the total amount committed to the limited partnerships and are expensed as incurred.

(b) Fixed income

i. Bonds consist of marketable and Canadian government non-marketable bonds.

The non-marketable bonds issued by the provinces prior to 1998 have rollover provisions attached to them by the Act which permit each issuer, at their option, to roll over the bonds on maturity for a further 20-year term at a rate based on capital markets borrowing rates for that province existing at the time of rollover. The non-marketable bonds are also redeemable before maturity at the option of the issuers.

In lieu of exercising its statutory rollover right described in the preceding paragraph, agreements between the CPPIB and the provinces permit each province to repay the bond and concurrently cause the CPPIB to purchase a replacement bond or bonds in a total principal amount not exceeding the principal amount of the maturing security for a term of not less than five years and not greater than 30 years. Such replacement bonds contain rollover provisions that permit the issuer, at its option, to roll over the bond for successive terms of not less than five years and are subject in all cases to the maximum 30 years outside the maturity date. The replacement bonds are also redeemable before maturity at the option of the issuers.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

The terms to maturity of the marketable and non-marketable bonds, not including any rollover options or accrued interest, as at March 31 are as follows:

TERMS TO MATURITY
(in millions of dollars)

	2009						2008	
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total	Average effective yield	Total	Average effective yield
Marketable bonds								
Government of Canada	1	262	302	304	869	2.9%	911	3.6%
Canadian provincial governments	1	229	243	482	955	4.6%	1,626	4.4%
Canadian government corporations	111	1,367	214	279	1,971	3.3%	1,405	4.1%
Corporate bonds	6	246	134	69	455	7.8%		
Total marketable bonds	119	2,104	893	1,134	4,250		3,942	
Non-marketable bonds								
Government of Canada	73	511			584	0.9%	1,140	2.7%
Canadian provincial governments	2,228	6,474	638	12,741	22,081	4.6%	22,110	4.6%
Total non-marketable bonds	2,301	6,985	638	12,741	22,665		23,250	
Total	2,420	9,089	1,531	13,875	26,915	4.5%	27,192	4.5%

ii. Other debt instrument consists of investments in distressed mortgage and private debt funds.

(c) Absolute return strategies

Absolute return strategies consist of investments in funds whose objective is to generate positive returns regardless of market conditions, that is, returns with a low correlation to broad market indices. The underlying securities of the funds could include, but are not limited to, equities, fixed income securities and derivatives.

(d) Inflation-sensitive assets

i. The CPPIB obtains exposure to real estate through investments in publicly-traded securities, funds and privately held real estate.

Private real estate investments are held by wholly-owned subsidiaries and are managed on behalf of the CPPIB by investment managers through co-ownership arrangements. As at March 31, 2009, the subsidiaries' share of these investments includes assets of $7,610 million (2008 – $7,421 million) and $930 million of secured debt (2008 – $980 million), with a weighted average fixed interest rate of 6.6 percent and terms to maturity of one to 19 years.

Included in the private real estate are investments in joint ventures. The CPPIB's proportionate interest in joint ventures is summarized as follows:

As at March 31	2009	2008
	(in millions of dollars)	
Proportionate share of net assets		
Assets	4,860	5,173
Liabilities	(930)	(980)
	3,930	4,193

For the year ended March 31	2009	2008
	(in millions of dollars)	
Proportionate share of net income		
Revenue	567	531
Expenses	(363)	(328)
	204	203

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

ii. The terms to maturity of the inflation-linked bonds as at March 31 are as follows:

TERMS TO MATURITY
(in millions of dollars)

	2009						2008	
	Within 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total	Average effective yield	Total	Average effective yield
Inflation-linked bonds		107	140	528	775	2.8%	3,962	3.9%

iii. Infrastructure investments are generally made directly, but can also occur through limited partnership arrangements that have a typical term of 10 years. As at March 31, 2009, infrastructure includes direct investments with a fair value of $3,154 million (2008 – $1,913 million). Direct investments do not have management fees, while management fees for limited partnership infrastructure investments are treated similarly to private equity management fees as discussed in Note 6a).

(e) Securities Sold under Repurchase Agreements and Purchased under Reverse Repurchase Agreements

Securities sold under repurchase agreements are accounted for as collateralized borrowing as they represent the sale of securities effected with a simultaneous agreement to buy them back at a specified price and at a specified future date. The securities sold continue to be recognized as an investment of the CPPIB with any changes in fair value recorded as net gain (loss) on investments (see Note 9). Securities purchased under reverse repurchase agreements are not recognized as an investment of the CPPIB and are accounted for as collateralized lending as they represent the purchase of securities effected with a simultaneous agreement to sell them back at a specified price and at a specified future date. The fair value of securities to be resold under these reverse repurchase agreements is monitored and additional collateral is obtained when appropriate to protect against credit exposure. In the event of counterparty default, the CPPIB has the right to liquidate the collateral held. Repurchase and reverse repurchase agreements are carried on the Consolidated Schedule of Investments at the amounts at which the securities were initially acquired or sold. Interest incurred on repurchase agreements and interest earned on reverse repurchase agreements are included in investment income (see Note 9).

As at March 31, 2009, the securities sold under repurchase agreements of $99 million (2008 – $nil) have terms to maturity of less than one year and a weighted average fixed interest rate of 0.8 percent. As at March 31, 2009, the securities purchased under reverse repurchase agreements of $4,000 million (2008 – $nil) have terms to maturity of one to three years and an average effective yield of 2.1 percent.

As at March 31, 2009, fixed income securities with a fair value of $4,084 million (2008 – $nil) were held as collateral on reverse repurchase agreements of which $3,923 million (2008 – $nil) may be sold or repledged. The fair value of securities collateral sold or repledged as at March 31, 2009 is $nil (2008 – $nil). As at March 31, 2009, fixed income securities with a fair value of $100 million (2008 – $nil) were pledged as collateral on repurchase agreements. These transactions are conducted under terms and conditions that are common and customary to collateral arrangements.

(f) Derivative contracts

A derivative is a financial contract, the value of which is derived from the value of underlying assets, indices, interest rates or currency exchange rates. The fair value of these contracts is reported as derivative receivables and derivative liabilities on the Consolidated Schedule of Investments. Derivative exposure generally includes the fair value adjustment plus the notional amount of the contract.

The CPPIB uses the following types of derivative instruments as described below:

Swaps

Swaps include equity, variance, inflation-linked bond, cross-currency interest rate, bond, interest rate and credit default swaps which are over-the-counter contractual agreements generally between two counterparties to exchange a series of cash flows with

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

predetermined conditions based on notional amounts. Swaps are used for yield-enhancement purposes or to adjust exposures to certain equities, bonds, currencies, inflation-linked bonds or interest rates without directly purchasing or selling the underlying asset. Swap contracts create credit risk exposure due to the possible inability of counterparties to meet the terms of the contract. There is also risk arising from exposure to movements in equity values, credit ratings, interest rates and foreign exchange rates, as applicable.

Futures

Futures include equity and bond futures which are standardized contracts transacted on an exchange to purchase or sell a specified quantity of equities or bonds at a predetermined price and date in the future. Futures are used to adjust exposures to certain equities and bonds without directly purchasing or selling the underlying asset. The primary risks associated with futures contracts are related to the exposure to movements in equity values, interest rates and foreign exchange rates, as applicable. Credit risk on exchange-traded futures is limited, as these transactions are executed on regulated exchanges, each of which is associated with a well-capitalized clearing house that assumes the obligations of both counterparties.

Options

Equity options written, which are transacted over-the-counter, are contractual agreements where the seller (writer) gives the purchaser the right, but not the obligation, to buy a specified quantity of a particular stock at or before a specified future date at a predetermined price. The seller receives a premium from the purchaser for this right. Equity options are used for yield-enhancement purposes or to adjust exposures to certain equities without directly purchasing or selling the underlying asset. The primary risks associated with equity options are exposure to movements in equity values and foreign exchange rates as applicable. Credit risk exposure on over-the-counter options arises due to the possible inability of counterparties to meet the terms of the contract.

Forwards

Forward contracts include foreign exchange and interest rate forwards which are over-the-counter contractual agreements negotiated between two counterparties to either purchase or sell a specified amount of foreign currencies or interest rate sensitive financial instruments at a predetermined price and date in the future. Forward contracts are used for yield-enhancement purposes or to manage exposures to currencies and interest rates. The primary risks associated with forward contracts arise from exposure to movements in foreign exchange and interest rates, as applicable, and from the possible inability of counterparties to meet the terms of the contract.

Warrants

Warrants are transacted both over-the-counter and through exchanges where the issuer gives the purchaser the right, but not the obligation, to buy a specified quantity of stock of the issuer at or before a specified future date at a predetermined price. Warrants are used for yield-enhancement purposes. The primary risks associated with warrants are exposure to movements in equity values and foreign exchange rates as applicable.

Notional Amounts and Fair Value of Derivative Contracts

Notional amounts of derivative contracts represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts and are generally a measure of the exposure to the asset class to which the contract relates. They are not recorded as assets or liabilities on the balance sheet. Notional amounts do not represent the potential gain or loss associated with the market risk or credit risk associated with a derivative contract.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

The fair value of derivative contracts held is as follows:

(in millions of dollars)

	As at March 31, 2009			For the year ended March 31, 2009	
	Positive fair value	Negative fair value	Net fair value	Average positive fair value(1)	Average negative fair value(1)
Equity contracts					
Equity swaps	470	(273)	197	363	(425)
Variance swaps	6	(138)	(132)	4	(84)
Equity futures	51	(1)	50	36	(34)
Warrants	190		190	172	
Written options		(128)	(128)		(99)
Total equity contracts	717	(540)	177	575	(642)
Foreign exchange contracts					
Forwards	122	(165)	(43)	153	(212)
Total foreign exchange contracts	122	(165)	(43)	153	(212)
Interest rate contracts					
Bond swaps	6		6	7	(8)
Cross-currency interest rate swaps		(412)	(412)		(238)
Inflation-linked bond swaps	193		193	31	(45)
Interest rate forwards					
Bond futures	1		1		
Interest rate swaps	3	(2)	1	3	
Total interest rate contracts	203	(414)	(211)	41	(291)
Credit contracts					
Credit default swaps		(1)	(1)		(1)
Total credit contracts		(1)	(1)		(1)
Total	1,042	(1,120)	(78)	769	(1,146)

	As at March 31, 2008			For the year ended March 31, 2008	
	Positive fair value	Negative fair value	Net fair value	Average positive fair value(1)	Average negative fair value(1)
Equity contracts					
Equity swaps	227	(198)	29	288	(237)
Variance swaps		(1)	(1)		
Equity futures	16	(5)	11	12	(12)
Warrants					
Written options					
Total equity contracts	243	(204)	39	300	(249)
Foreign exchange contracts					
Forwards	79	(224)	(145)	186	(150)
Total foreign exchange contracts	79	(224)	(145)	186	(150)
Interest rate contracts					
Bond swaps	13	(8)	5	9	(3)
Cross-currency interest rate swaps		(62)	(62)		(5)
Inflation-linked bond swaps	9		9	1	
Interest rate forwards					
Bond futures					
Interest rate swaps					
Total interest rate contracts	22	(70)	(48)	10	(8)
Credit contracts					
Credit default swaps					
Total credit contracts					
Total	344	(498)	(154)	496	(407)

(1) Determined using month-end values

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

The terms to maturity and the notional amounts for derivative contracts held as at March 31 are as follows:

(in millions of dollars)

	2009				2008			
	Within 1 year	1 to 5 years	6 to 10 years	Total	Within 1 year	1 to 5 years	6 to 10 years	Total
Equity contracts								
Equity swaps	14,363	1,296		15,659	10,796	1,500		12,296
Variance swaps	3	110	4,877	4,990			597	597
Equity futures	3,781			3,781	2,969			2,969
Warrants	59	377	8	444				
Written options		265		265				
Total equity contracts	18,206	2,048	4,885	25,139	13,765	1,500	597	15,862
Foreign exchange contracts								
Forwards	16,597			16,597	14,899			14,899
Total foreign exchange contracts	16,597			16,597	14,899			14,899
Interest rate contracts								
Bond swaps	1,469			1,469	2,401			2,401
Cross-currency interest rate swaps	1,477			1,477		1,477		1,477
Inflation-linked bond swaps	3,099			3,099	762			762
Interest rate forwards					276			276
Bond futures	379			379				
Interest rate swaps		546	46	592				
Total interest rate contracts	6,424	546	46	7,016	3,439	1,477		4,916
Credit contracts								
Credit default swaps		74	25	99				
Total credit contracts		74	25	99				
Total	41,227	2,668	4,956	48,851	32,103	2,977	597	35,677

(g) Securities lending

In September 2008, the CPPIB suspended its securities lending program. In normal market conditions, securities lending is a low risk way to add incremental value to the portfolio. Credit risk associated with securities lending was mitigated by requiring the borrower to provide daily collateral in the form of readily marketable investments of greater market value than the securities loaned. However, heightened credit and counterparty risk have significantly altered the risk-return equation. As at March 31, 2009, the CPPIB's investments include securities loaned with a fair value of $nil (2008 – $2,480 million). The fair value of collateral received in respect of the securities loaned is $nil (2008 – $2,606 million).

7. Credit facilities

The CPPIB maintains $1.5 billion (2008 – $1.5 billion) of unsecured credit facilities to meet potential liquidity requirements. As at March 31, 2009, the total amount drawn on the credit facilities is $nil (2008 – $nil).

8. Payables and accrued liabilities

	2009	2008
	(in millions of dollars)	
Operating expenses	124	121
Pensions and benefits payable	229	161
Tax deductions due to Canada Revenue Agency	115	110
Total payables and accrued liabilities	468	392

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

9. Net investment loss

Net investment loss is reported net of transaction costs and investment management fees.

Net investment income (loss) by asset class and after giving effect to derivative contracts and investment receivables and liabilities for the year ended March 31 is as follows:

(in millions of dollars)

	2009					
	Investment income (1)	Net gain (loss) on investments (2)(3)(4)	Total investment income (loss)	Investment management fees	Transaction costs	Net investment income (loss)
Equities						
Canada						
Public equities	339	(9,012)	(8,673)	(1)	(19)	(8,693)
Private equities	11	(69)	(58)	(11)	(2)	(71)
	350	(9,081)	(8,731)	(12)	(21)	(8,764)
Foreign developed markets						
Public equities	1,617	(12,154)	(10,537)	(28)	(27)	(10,592)
Private equities	57	(2,665)	(2,608)	(222)	(7)	(2,837)
	1,674	(14,819)	(13,145)	(250)	(34)	(13,429)
Emerging markets						
Public equities	3	(101)	(98)	(1)	(6)	(105)
Private equities		(15)	(15)	(25)		(40)
	3	(116)	(113)	(26)	(6)	(145)
	2,027	(24,016)	(21,989)	(288)	(61)	(22,338)
Fixed Income						
Bonds	1,308	638	1,946			1,946
Other debt	2	(1,295)	(1,293)	(13)		(1,306)
Money market securities	100	(422)	(322)			(322)
	1,410	(1,079)	331	(13)		318
Absolute Return Strategies		108	108	(20)		88
Inflation-Sensitive Assets						
Public real estate	18	(269)	(251)	(8)	(1)	(260)
Private real estate	320	(1,485)	(1,165)	(49)	(11)	(1,225)
Inflation-linked bonds	55	(131)	(76)			(76)
Infrastructure	237	(295)	(58)	(5)	(20)	(83)
	630	(2,180)	(1,550)	(62)	(32)	(1,644)
Interest on Operating Balance	6		6			6
Total	4,073	(27,167)	(23,094)	(383)	(93)	(23,570)

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

(in millions of dollars)

	2008					
	Investment income[1]	Net gain (loss) on investments[2][3]	Total investment income (loss)	Investment Management fees	Transaction costs	Net investment income (loss)
Equities						
Canada						
Public equities	309	986	1,295	(8)	(23)	1,264
Private equities	13	21	34	(12)	(7)	15
	322	1,007	1,329	(20)	(30)	1,279
Foreign developed markets						
Public equities	1,881	(7,694)	(5,813)	(8)	(26)	(5,847)
Private equities	105	980	1,085	(128)	(12)	945
	1,986	(6,714)	(4,728)	(136)	(38)	(4,902)
Emerging markets						
Public equities		(50)	(50)			(50)
Private equities		8	8	(17)		(9)
		(42)	(42)	(17)		(59)
	2,308	(5,749)	(3,441)	(173)	(68)	(3,682)
Fixed Income						
Bonds	1,426	560	1,986			1,986
Other debt		(48)	(48)	(2)	(1)	(51)
Money market securities	67	9	76			76
	1,493	521	2,014	(2)	(1)	2,011
Absolute Return Strategies		106	106	(23)		83
Inflation-Sensitive Assets						
Public real estate	28	(222)	(194)	(5)	(1)	(200)
Private real estate	259	276	535	(27)	(19)	489
Inflation-linked bonds	89	287	376			376
Infrastructure	134	551	685	(3)	(24)	658
	510	892	1,402	(35)	(44)	1,323
Interest on Operating Balance	8		8			8
Total	4,319	(4,230)	89	(233)	(113)	(257)

[1] Includes interest income, dividends, securities lending income and private real estate operating income, net of interest expense.
[2] Includes realized gains and losses from investments and unrealized gains and losses on investments held at the end of the period.
[3] Includes foreign exchange gains of $6,789 million (2008 – foreign exchange losses of $1,365 million).
[4] Includes net unrealized losses of $1,209 million which represent the change in fair value estimated on direct investments in private equities, infrastructure, and private real estate where the fair value is derived primarily from assumptions based on non-observable market data.

10. Operating expenses

	2009	2008
	(in millions of dollars)	
General operating expenses	309	275
Salaries and benefits	364	306
Professional and consulting fees	21	18
Total Operating Expenses	694	599

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

11. Net assets and changes in net assets for accountability purposes

The administration of the CPP's assets and activities is shared between various government of Canada's departments and the CPPIB. The CPPIB is responsible for investing the majority of the CPP's assets, while the Government of Canada (GoC), through various federal departments, manages the remainder of the assets, as well as the collection of the CPP contributions and the administration and payments of the CPP benefits. For accountability purposes, the following table presents summary information on the levels of assets and liabilities and sources of income and expenses managed by the GoC and the CPPIB respectively.

(in millions of dollars)

	2009			2008		
	Government of Canada	CPP Investment Board	Total	Government of Canada	CPP Investment Board	Total
Assets	4,886	112,486	117,372	4,371	130,923	135,294
Liabilities	365	6,985	7,350	289	8,220	8,509
Net assets	4,521	105,501	110,022	4,082	122,703	126,785
Income (loss):						
Contributions	36,506		36,506	35,346		35,346
Investment income (loss)	6	(23,576)	(23,570)	11	(268)	(257)
	36,512	(23,576)	12,936	35,357	(268)	35,089
Expenses:						
Pensions and benefits	29,005		29,005	27,536		27,536
Operating expenses	505	189	694	445	154	599
	29,510	189	29,699	27,981	154	28,135
Increase (decrease) in net assets	7,002	(23,765)	(16,763)	7,376	(422)	6,954

Pursuant to Section 108.1 of the *CPP Act* and the Agreement dated as of April 1, 2004, amounts not required to meet specified obligations of the CPP are transferred weekly to the CPPIB. The funds originate from employer and employee contributions to the CPP and interest income generated from the deposit with the Receiver General.

In September 2004, the CPPIB assumed responsibility for providing cash management services to the CPP, including periodic return, on at least a monthly basis, of funds required to meet CPP pension, benefits and operating expenses obligations.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

During the year ended March 31, 2009, a total of $29.1 billion was transferred to the CPPIB and a total of $22.6 billion was returned to the CPP to meet its liquidity requirements.

ACTIVITIES DURING THE YEAR
(in millions of dollars)

	2009	2008
Canada Pension Plan Investment Board		
Accumulated transfers to CPPIB, beginning of year	153,073	125,289
Transfers of bonds titles and accrued interest		630
Transfers of funds to CPPIB	29,131	27,154
Accumulated transfers to CPPIB, end of year	182,204	153,073
Accumulated transfers from CPPIB, beginning of year	(62,714)	(42,120)
Transfers of funds from CPPIB	(22,568)	(20,594)
Accumulated transfers from CPPIB, end of year	(85,282)	(62,714)
Net accumulated transfers to CPPIB	96,922	90,359

12. Commitments

The CPPIB has committed to enter into investment transactions, which will be funded over the next several years in accordance with the agreed terms and conditions. As at March 31, 2009, the commitments total $23.9 billion (2008 – $18.6 billion).

As at March 31, 2009, the CPPIB has made lease and other commitments of $54.7 million (2008 – $59.4 million) over the next nine years.

13. Contingencies

(a) Appeals relating to the payment of pensions and benefits

At March 31, 2009, there were 6,810 (6,962 in 2008) appeals relating to the payment of CPP disability benefits. These contingencies are reasonably estimated, using historical information, at an amount of $71 million ($79 million in 2008), which was recorded as an accrued liability in the CPP 2008–2009 financial statements. Any eligible benefit will be accounted for in the period in which the amount becomes determinable.

(b) Other claims and legal proceedings

In the normal course of operations, the CPP is involved in various claims and legal proceedings. While the total amount claimed in these actions may be material, their outcomes are not determinable. The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate of the loss can be made. No such allowance was recognized in the financial statements for the 2008-2009 and 2007–2008 fiscal years for these claims and legal proceedings.

(c) Guarantees and indemnifications

The CPPIB provides indemnifications to its officers, directors, certain others and, in certain circumstances, to various counterparties. The CPPIB may be required to compensate these parties for costs incurred as a result of various contingencies such as changes in laws and regulations and litigation claims. The contingent nature of the indemnification agreements prevents the CPPIB from making a reasonable estimate of the maximum potential payments the CPPIB could be required to make. To date, the CPPIB has not received any claims nor made any payments pursuant to such indemnifications.

Canada Pension Plan—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Concluded*

14. Related party transactions

In addition to the information already disclosed in the other Notes to the Consolidated Financial Statements, the CPP has $4,662 million (2008 – $4,128 million) of contributions receivable from the Canada Revenue Agency.

The CPP enters into transactions with the Government of Canada in the normal course of business, which are recorded at the exchange value. The costs are based on estimated allocations of costs and are charged to the CPP in accordance with various memoranda of understanding.

TRANSACTIONS FOR THE YEAR
(in millions of dollars)

	2009	2008
Pension and benefit delivery, accommodation and corporate services		
Human Resources and Skills Development Canada	345	291
Collection of contributions and investigation services		
Canada Revenue Agency and Royal Canadian Mounted Police	146	140
Cheque issue and computer services		
Public Works and Government Services Canada	12	12
Actuarial services		
Office of the Superintendent of Financial Institutions and Department of Finance	2	2
Total	505	445

15. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Government Annuities Account

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Government Annuities Account have been prepared in accordance with Canadian generally accepted accounting principles, by the management of Human Resources and Skills Development Canada. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement.

In support of its responsibility for the integrity and fairness of the financial statements, management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance that transactions comply with relevant authorities, assets are safeguarded and proper records are maintained.

The management of Human Resources and Skills Development Canada recognizes the responsibility of conducting its affairs in compliance with the *Government Annuities Act*, the *Government Annuities Improvement Act* and regulations.

The Auditor General of Canada, the external auditor of the Government Annuities Account, conducts an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and reports to the Minister of Human Resources and Skills Development.

JANICE CHARETTE
Deputy Minister
Human Resources and
Skills Development Canada

MICHAEL J. SAUCIER, CMA
Acting Chief Financial Officer
Human Resources and
Skills Development Canada

Gatineau, Canada
July 17, 2009

REPORT OF THE ACTUARY

I have valued the actuarial liabilities in the balance sheet of the Government Annuities Account as at March 31, 2009 and their change in the Account's statement of operations and actuarial liabilities for the year then ended.

As prescribed in the *Government Annuities Regulations*, the valuation was based on the mortality rates from the 1983 mortality tables published by the Society of Actuaries, for individual and group annuities respectively, modified by Projection Scale G. The valuation assumed a seven percent annual interest rate, also as stipulated in the *Regulations*.

The valuation was conducted in accordance with accepted actuarial principles to the extent that they apply. Significant differences are as follows: first, the Account's assets are in the form of a deposit with the Receiver General for Canada, so actuarial liabilities were based on the present value of future payments discounted at the prescribed interest rate; second, administrative expenses are paid by the government out of general funds, so no provision is made in the valuation; and finally, given the need for a realistic valuation and based on the size and long standing existence of this group of annuitants, there are no added margins for mortality risks.

In my opinion, the valuation is appropriate, it conforms to statutory requirements and the financial statements fairly present its results.

Luc Taillon
Fellow of the Canadian Institute of Actuaries
Chief Actuary
Human Resources and Skills Development Canada

Gatineau, Canada
July 17, 2009

Government Annuities Account—*Continued*

AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES AND SKILLS DEVELOPMENT

I have audited the balance sheet of the Government Annuities Account as at March 31, 2009 and the statements of operations and actuarial liabilities and cash flow for the year then ended. These financial statements are the responsibility of the management of Human Resources and Skills Development Canada. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in my opinion, the transactions of the Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Government Annuities Act*, the *Government Annuities Improvement Act* and regulations.

John O'Brien, CA
Principal
for the Auditor General of Canada

Halifax, Canada
July 17, 2009

BALANCE SHEET
AS AT MARCH 31, 2009
(in thousands of dollars)

ASSETS	2009	2008
Deposit with Receiver General for Canada (Note 4)	251,273	274,818
Accrued interest due from Canada	18,930	20,669
Accounts receivable	168	142
	270,371	295,629

LIABILITIES	2009	2008
Actuarial surplus due to Canada	3,198	2,642
Actuarial liabilities (Note 5)	267,173	292,987
	270,371	295,629

The accompanying notes are an integral part of these financial statements.

Approved by:

JANICE CHARETTE
Deputy Minister
Human Resources and
Skills Development Canada

MICHAEL J. SAUCIER, CMA
Acting Chief Financial Officer
Human Resources and
Skills Development Canada

Government Annuities Account—*Continued*

STATEMENT OF OPERATIONS AND ACTUARIAL LIABILITIES
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands of dollars)

	2009	2008
Payments and other charges		
Annuity payments	41,523	44,438
Premium refunds	87	145
Unclaimed annuities transferred to Consolidated Revenue Fund	138	162
	41,748	44,745
Income		
Interest from Canada (Note 4)	18,930	20,669
Premiums (Note 4)	29	23
Reclaimed annuities recovered from Consolidated Revenue Fund	173	247
	19,132	20,939
Services received without charge (Note 3(f))	2,161	2,538
Services contributed by Human Resources and Skills Development Canada (Note 3(f))	(2,161)	(2,538)
Excess of payments and other charges over income for the year	22,616	23,806
Actuarial liabilities, beginning of year	292,987	319,435
	270,371	295,629
Actuarial surplus due to Canada	3,198	2,642
Actuarial liabilities, end of year (Note 5)	267,173	292,987
Actuarial liabilities are comprised of:		
Deferred annuities, present value	13,038	14,773
Matured annuities, present value	254,135	278,214
	267,173	292,987

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2009
(in thousands of dollars)

	2009	2008
Cash flows from (used in) operations		
Payments to annuitants	(41,610)	(44,583)
Interest received	20,669	22,494
Reclaimed annuities recovered from Consolidated Revenue Fund	173	247
Unclaimed annuities transferred to Consolidated Revenue Fund	(138)	(162)
Premiums received from annuitants	29	23
Other payments	(26)	(2)
	(20,903)	(21,983)
Actuarial surplus remitted to Consolidated Revenue Fund	(2,642)	(2,884)
Decrease in deposit with Receiver General for Canada	(23,545)	(24,867)
Deposit with Receiver General for Canada, beginning of year	274,818	299,685
Deposit with Receiver General for Canada, end of year	251,273	274,818

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

1. Authority and purpose

The Government Annuities Account (the Account) was established in 1908 by the *Government Annuities Act*, as modified by the *Government Annuities Improvement Act*.

The purpose of the *Government Annuities Act* was to assist individuals and groups of Canadians to prepare financially for their retirement by purchasing Government Annuities. In 1975, the *Government Annuities Improvement Act* discontinued future sales of Government Annuity contracts. Annuities are deferred until their maturity date, at which time payments to annuitants begin.

The Account is administered by Human Resources and Skills Development Canada and operates through the Consolidated Revenue Fund.

Government Annuities Account—*Continued*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Continued*

2. New accounting standards

On April 1, 2008, the Account adopted the Canadian Institute of Chartered Accountants (CICA) handbook Section 1535 – Capital Disclosures, as well as Section 3862 – Financial Instruments – Disclosures and Section 3863 – Financial Instruments – Presentation.

Section 1535 – Capital Disclosures specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital, (ii) quantitative data about what the entity regards as capital, (iii) whether the entity has complied with any capital requirements, and (iv) if it has not complied, the consequences of such non-compliance. The adoption of this standard had no significant impact on the Account's financial statements other than additional note disclosure in Note 8.

Section 3862 – Financial Instruments – Disclosures and Section 3863 – Financial Instruments – Presentation replace Section 3861 – Financial Instruments – Disclosure and Presentation. The new standards revise and enhance disclosure requirements about the nature and extent of the risks arising from financial instruments and how the entity manages those risks. The adoption of these standards had no significant impact on the Account's financial statements other than additional note disclosure in Note 7.

3. Significant accounting policies

The financial statements of the Government Annuities Account are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are:

(a) Actuarial liabilities

The method utilized to calculate the actuarial liabilities is in accordance with the *Government Annuities Improvement Act* and regulations.

Actuarial liabilities comprise, in respect of deferred and matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

(b) Actuarial surplus/deficit

At the end of any fiscal year, the recorded amount of actuarial liabilities may be different than the amount of actuarial liabilities determined by the actuary. The difference is recorded as an actuarial surplus or deficit, which is remitted to or recovered from the Consolidated Revenue Fund.

(c) Interest from Canada

Interest from Canada is recorded on the accrual basis and is calculated on actuarial liabilities as prescribed by the *Government Annuities Improvement Act*.

(d) Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

(e) Reclaimed annuities

Reclaimed annuities represent previously unclaimed amounts that had been transferred to the Consolidated Revenue Fund. Where the annuitants are subsequently located, the actuarially determined value of the annuities are transferred back to the Account.

(f) Services received without charge

Administrative services, including actuarial services, received without charge from Human Resources and Skills Development Canada are recorded in the Statement of Operations and Actuarial Liabilities at their estimated carrying amount. A corresponding amount is credited directly to the Statement of Operations and Actuarial Liabilities.

(g) Management estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, actuarial liabilities, and income at the date of the financial statements. Despite the use of management's best estimates, it is possible that the amounts for the actuarial liabilities and related accounts could change materially in the near term.

(h) Comprehensive income

Effective April 1, 2007, the Canadian Institute of Chartered Accountants issued Section 1530, Comprehensive Income, which requires the presentation of comprehensive income, consisting of net income and other comprehensive income. The requirements of section 1530 have no impact on the Account's financial statements.

4. Premiums deposited with Receiver General for Canada

Premiums are deposited with the Receiver General for Canada. This deposit earns interest at a rate of seven percent in accordance with the *Government Annuities Improvement Act*. Due to the short-term nature, the carrying value of the deposit with the Receiver General for Canada approximates its fair value.

Government Annuities Account—*Concluded*

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009—*Concluded*

5. Actuarial liabilities

The *Government Annuities Act* and regulations prescribe the basis upon which actuarial values are to be determined. The regulations require the discounting of expected future payments using an annual interest rate of seven percent. Future payments are to be estimated using the mortality rates from the 1983 mortality tables published by the Society of Actuaries, for individual and group annuities respectively, modified by Projection Scale G. The Chief Actuary has indicated that these assumptions provide a reasonable estimate of the actuarial liabilities of the Account.

6. Financial instruments

The Account's financial instruments include the deposits with Receiver General for Canada and actuarial surplus due to Canada. The carrying value of these financial instruments approximates their fair value.

7. Financial risk management

The Account is not exposed to any significant market risk, liquidity risk, or credit risk from its use of financial instruments.

8. Capital management

The Account does not manage capital as all deposits and withdrawals to the Account are made to the Consolidated Revenue Fund (CRF) of Canada and returns on deposits are legislated through the *Government Annuities Improvement Act*. In addition, any deficit or surplus in the Account is charged or credited to the CRF.

The Account is valued on an actuarial basis each year, with the objective of reporting the present value of the deferred and matured annuities to the Government of Canada to ensure the Account is sufficiently funded.

The Account has no externally imposed restrictions on capital.

9. Respective roles of the valuation actuary and of the auditor

In accordance with the Joint Policy Statement of the Canadian Institute of Chartered Accountants and the Canadian Institute of Actuaries, dated October 2007, it is appropriate to include a description of the respective roles of the actuary and of the auditor with respect to the financial statements. Their respective roles are as follows:

(a) Human Resources and Skills Development Canada's Chief Actuary determines and reports on the amount of actuarial liabilities for annuity contracts issued under the *Government Annuities Act*, as shown in the financial statements. This valuation is conducted in accordance with accepted actuarial principles, as adapted to the circumstances of the Government Annuities Account. The Chief Actuary also ensures that the method used to calculate the actuarial liabilities is in accordance with the *Government Annuities Improvement Act* and regulations.

(b) The Auditor General of Canada expresses an opinion on the fair presentation of the financial statements prepared by management in accordance with Canadian generally accepted accounting principles. The Auditor General of Canada also expresses an opinion on whether the transactions that come to the auditor's attention are, in all significant respects, in accordance with the *Government Annuities Act*, the *Government Annuities Improvement Act* and regulations. The audit is conducted in accordance with Canadian generally accepted auditing standards issued by the Canadian Institute of Chartered Accountants.

10. Related party transactions

The Account is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations.

Royal Canadian Mounted Police (Dependants) Pension Fund

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Royal Canadian Mounted Police (Dependants) Pension Fund is responsible for the preparation of the financial statements. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. They include management's best estimates and judgments when appropriate.

Responsibility for the integrity and objectivity of the financial statements rests with the management of the Royal Canadian Mounted Police (Dependants) Pension Fund. In support of its responsibility, management has developed and maintained books, records, internal controls and management practices, designed to provide reasonable assurance as to the reliability of the financial information, that assets are safeguarded and controlled, and that transactions of the Fund are in accordance with the *Financial Administration Act* and regulations and, as appropriate, the *Royal Canadian Mounted Police Pension Continuation Act*.

These financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Approved by:

WILLIAM M. SWEENEY
for WILLIAM J. S. ELLIOTT
Commissioner

ALAIN P. SÉGUIN
Chief Financial and
Administrative Officer

August 19, 2009

AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC SAFETY

I have audited the statement of net assets available for benefits of the Royal Canadian Mounted Police (Dependants) Pension Fund as at March 31, 2009 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at March 31, 2009 and the changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in my opinion, the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of the *Financial Administration Act* and the *Royal Canadian Mounted Police Pension Continuation Act*.

Nancy Y. Cheng, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 19, 2009

Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS AT MARCH 31

	2009	2008
	$	$
Net assets available for benefits		
Due from the Consolidated Revenue Fund	27,831,547	28,537,258

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS
YEAR ENDED MARCH 31

	2009	2008
	$	$
Net assets available for benefits, beginning of year	28,537,258	29,408,843
Increase in net assets:		
Interest income on amount due from the Consolidated Revenue Fund	1,937,174	2,063,039
Contributions	5,842	6,692
Total increase in net assets	1,943,016	2,069,731
Decrease in net assets:		
Benefit payments	(2,648,727)	(2,941,316)
Decrease in net assets	(705,711)	(871,585)
Net assets available for benefits, end of year	27,831,547	28,537,258

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31

1. Description of the Fund

The following summary description of the Royal Canadian Mounted Police (Dependants) Pension Fund (the Fund) is for general information only. For more complete information, reference should be made to the *Royal Canadian Mounted Police Pension Continuation Act* (the *Act*). All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

(a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (effective 1959) and the related Regulations.

The *Act* provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions.

The Fund is accounted for using the standards applicable to a defined benefit pension plan.

(b) Funding policy

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, retired members may continue to make instalment payments in respect of previous elections made before their retirement.

The *Act* directs the Minister of Finance to have an actuarial valuation of the Fund prepared at least every five years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase the benefit payments. If there is an actuarial deficiency, the Governor in Council may direct that there be amounts transferred to the Fund, out of any unappropriated moneys in the CRF, as may be required to re-establish the solvency of the Fund.

(c) Interest income

The Government of Canada credits the Fund with interest computed quarterly on the amount due from the Consolidated Revenue Fund at the end of the preceding quarter. The rate of interest is determined by the Minister of Finance on a quarterly basis and is equal to the rate used in other government Superannuation accounts. The rate is calculated as though the amounts recorded were invested in a notional portfolio of Government of Canada 20 year bonds held to maturity.

Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31—*Continued*

(d) Basic death benefits

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has left them in the Fund.

i. Widow's pension benefit

The widow is entitled to the pension purchased by the member. In many cases the pension benefit equals approximately 1.5 percent of the member's final pension benefit payment multiplied by his years of credited service. The pension benefit is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

ii. Eligible children's annuities

An annuity, not exceeding 7 percent of the member's final pension payment, is payable to each surviving child eligible in accordance with the provisions of the *Act* at that time. If there is no surviving widow or if the widow dies before the child's annuity ceases, the amount of the annuity doubles.

iii. Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit. This lump sum shall be equal in value to a pension for female aged 20 years older than the deceased member at death but not exceeding 75 years.

iv. Benefit limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are reduced. This can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow.

(e) Dividends on death benefits

The *Act* provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may, by order, increase the benefits provided under Part IV of the *Act* in such manner as may appear equitable and expedient. The authority of the Governor in Council is delegated to the Treasury Board under section 7(2) of the *Financial Administration Act*. To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective.

(f) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV of the *Act* and those of his dependants shall cease upon such election. All returns of contributions are made without interest.

2. Significant accounting policies

(a) Basis of presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles on a going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity independent of the sponsor and Fund members. They are prepared to assist Fund members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the Fund.

The carrying value of the amount due from the Consolidated Revenue Fund approximates fair value.

(b) New accounting standards

On April 1, 2008, the Fund adopted three new presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants (CICA): Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments — Disclosures, and Handbook Section 3863, Financial Instruments — Presentation.

Capital disclosures

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and procedures and process for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The adoption of this standard had no significant impact on the Fund's financial statements other than additional note disclosure in Note 4.

Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31—*Continued*

Financial instruments—disclosures and presentation

Sections 3862 and 3863 replaced Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The adoption of this standard had no significant impact on the Fund's financial statements other than additional note disclosure in Note 5.

(c) Services provided without charge

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies as they are insignificant in the context of the financial statements taken as a whole. These services include the following:

- —Financial management and other support services from the Royal Canadian Mounted Police;
- —Actuarial valuation and other services from the Office of the Superintendent of Financial Institutions; and
- —Cheque issue from Public Works and Government Services Canada.

(d) Use of estimates

In preparing these financial statements, management uses estimates and assumptions that primarily affect the reported values of the liabilities. Significant estimates are used primarily in the determination of accrued pension benefits which have been disclosed in Note 3.

3. Pension obligations

The most recent statutory actuarial valuation was performed as at March 31, 2007 by the Office of the Superintendent of Financial Institutions. The valuation disclosed an actuarial surplus of $3,782,000. A portion of this surplus was distributed by annual effective increases in the pension amount of 2.2 percent as at April 1, 2008 and will be distributed by annual effective increases in the pension amount of 2.2 percent as at April 1, 2009 and by increases to lump sum death benefits and residual payments. The cumulative increase to the basic pension amount is 1,095 percent effective April 1, 2008 and 1,121 percent effective April 1, 2009.

The remaining balance of the actuarial surplus is intended to be used over the remaining life of the Fund for the payment of increases in the pension benefits. The average ages of members and widows were both estimated to be 84 years and the remaining lifetime of the Fund was estimated at 31 years as at March 31, 2007.

The obligations for pension benefits are determined on an actuarial basis and incorporate the actuary's best estimates of future Fund yields, mortality rates, proportion of members married, and age of new widows. The current Fund yield of 7.1 percent per annum (7.4 percent in 2008) is consistent with the estimated yield (7.08 percent) used for the immediate future in the actuarial valuation. The expected long-term Fund yield is estimated to decline to 5.10 percent per annum by the year 2025 and to rise to the ultimate level of 5.35 percent by 2032. Variations in any of these assumptions can result in a significantly higher, or lower, estimate of the liability.

An interim valuation was performed as at March 31, 2009. The actuarial present value of accrued pension benefits and the principal components of change in the actuarial present value during the plan year were estimated as follows:

	2009	2008
	$	$
Actuarial present value of accrued pension benefits, beginning of year	25,860,000	25,501,000
Net interest accrued on benefits	1,739,000	1,866,000
Net adjustment arising from experience gains and losses and from valuation changes		126,000
Benefits increases		1,301,000
Contributions from participants (instalment payments)	6,000	7,000
Benefit payments	(2,649,000)	(2,941,000)
Actuarial present value of accrued pension benefits, end of year	24,956,000	25,860,000

4. Capital management

The primary objective with respect to capital management is to ensure that the Fund has adequate capital to meet its obligations to all current Fund members and their survivors.

The Fund is not subject to any externally imposed capital requirements and the surpluses or deficits are determined regularly by an actuarial valuation that is prepared by an independent actuary and considered as the Fund's capital.

Royal Canadian Mounted Police (Dependants) Pension Fund—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31—*Concluded*

The actuary's valuation is used to measure the long-term health of the Fund. The actuary tests the Fund's ability to meet its obligations to all current Fund members and their survivors.

Using an assumed rate of return, the actuary projects the Fund's benefits to estimate the current value of the liability (see note 3), which is compared to the Fund's asset (Due from the CRF) and the future contributions for all current Fund members. The result of the comparison is either a surplus or a deficit. In either case, the funding policy as described in Note 1 b) will be used to ensure that the capital of the Fund is maintained.

5. Risk management

The RCMP (Dependants) Pension Fund can be affected by various risks arising from its financial instruments. These risks can be defined as follows:

1) Credit Risk: The risk of loss associated with counterparty's inability to fulfill its payment obligations. A credit risk may arise directly from an obligor, an issuer of securities, or indirectly from a guarantor of a credit obligation.

2) Interest Rate Risk: The risk refers to the effect on the market value of the Fund's assets and liabilities due to fluctuations in interest rates. The value of the Fund's assets is affected by short-term changes in nominal and real interest rates. The Fund's liability is exposed to fluctuations in long-term interest rates.

3) Liquidity Risk: The risk refers to the risk that the Fund does not have sufficient cash to meet its current payment liabilities. Liquidity risk is inherent in the Fund's operations and can be impacted by a range of situations.

The risks noted above are not significant to the Fund. Any deficit would be addressed by the Note 1 b).

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SECTION 7

2008-2009

PUBLIC ACCOUNTS OF CANADA

Cash and Accounts Receivable

CONTENTS

Page

Cash and cash equivalents 7.2
Tax receivables 7.3
Other accounts receivable 7.4

CASH AND ACCOUNTS RECEIVABLE

This section contains information on accounts reported on the Statement of Financial Position under "Cash and Accounts Receivable".

Table 7.1 presents the year-end balances of cash and accounts receivable by category.

TABLE 7.1

CASH AND ACCOUNTS RECEIVABLE

	March 31/2009	March 31/2008
	$	$
Cash and cash equivalents, Table 7.2	46,985,093,976	13,728,506,326
Tax receivables, Table 7.3	71,910,913,735	65,901,940,065
Other accounts receivable, Table 7.5	3,250,715,996	3,247,796,693
Total cash and accounts receivable	122,146,723,707	82,878,243,084

Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit at March 31st. Cash in bank consists of public moneys on deposit to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions. Cash in transit consists of public moneys received by public officers prior to April 1, but not deposited by that date as well as cash held by consolidated Crown corporations and other entities. Outstanding cheques and warrants are deducted to arrive at the closing cash balance.

Cash equivalents consist mainly of term deposits resulting from auctions administered by the Bank of Canada and the Department of Finance on behalf of the Minister of Finance. The short term deposits, denominated in Canadian dollars, are made from a portion of the daily surplus of cash balance and have a short term maturity, usually not exceeding 31 calendar days.

Table 7.2 presents a summary of the cash and cash equivalents.

TABLE 7.2

CASH AND CASH EQUIVALENTS

	March 31/2009	March 31/2008
	$	$
Cash in bank—		
Canadian currency	28,607,644,837	4,031,741,837
Foreign currencies(1)	(4,011,768)	(3,959,262)
Special deposits(2)	50,000,000	50,251,664
Total cash in bank	28,653,633,069	4,078,034,239
Cash in transit—		
Cash in hands of collectors and in transit	6,646,860,734	7,571,862,170
Other cash—Consolidated Crown corporations and other entities(3)	486,232,000	560,109,000
Total cash in transit	7,133,092,734	8,131,971,170
Less: Outstanding cheques and warrants—		
Outstanding cheques(4)	5,176,590,893	5,644,957,253
Imprest account cheques(5)	2,095,012	1,586,078
Total outstanding cheques and warrants	5,178,685,905	5,646,543,331
Total cash	30,608,039,898	6,563,462,078
Cash equivalents	16,377,054,078	7,165,044,248
Total cash and cash equivalents	46,985,093,976	13,728,506,326

(1) The balances denominated in foreign currencies (United Kingdom pounds sterling, United States dollars and Euros) have been translated into Canadian dollar equivalents.

(2) These are balances in the hands of financial institutions for the purchase or redemption of Government securities, for the payment of interest and for reimbursement of GST refund payments issued by the "ministère du Revenu du Québec" on behalf of the government.

(3) These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of consolidated Crown corporations and other entities.

(4) Cheques and Employment Insurance warrants issued in Canadian dollars, and outstanding are recorded in this account. Cheques outstanding for 10 years are transferred to non-tax revenues. During the year, an amount of $30,130,605 ($30,086,846 in 2008) was transferred to non-tax revenues. Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

(5) Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to non-tax revenues), are recorded in this account.

(6) Certain comparative figures have been reclassified to reflect the current year's presentation.

Tax Receivables

Tax receivables include amounts assessed by Canada Revenue Agency and the Canada Border Services Agency but not yet collected, as well as estimates of unassessed taxes at year-end. Amounts receivable also include related amounts for interest and penalties.

Tax receivables include taxes and premiums collectable on behalf of others such as provincial, territorial governments and the Canada Pension Plan. These amounts have also been included in liabilities.

The Government establishes an allowance for doubtful accounts to reduce the carrying value of the tax receivables to amounts that approximate their net realizable value.

Table 7.3 presents tax receivables by tax stream. Amounts receivable that are written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

TABLE 7.3

TAX RECEIVABLES AS AT MARCH 31

	2009			2008		
	Gross tax receivables	Allowance for doubtful accounts	Net tax receivables	Gross tax receivables	Allowance for doubtful accounts	Net tax receivables
	$	$	$	$	$	$
Tax receivables—						
Income tax receivables—						
Individuals	42,233,169,288	4,355,642,530	37,877,526,758	37,163,685,246	3,837,981,193	33,325,704,053
Employers	14,396,572,545	725,056,322	13,671,516,223	13,912,316,491	767,756,661	13,144,559,830
Corporations	12,163,615,664	1,770,430,394	10,393,185,270	10,686,447,811	1,456,133,037	9,230,314,774
Non-residents	1,235,232,757	151,368,843	1,083,863,914	1,116,347,280	179,673,839	936,673,441
Goods and services tax receivable	9,388,101,864	2,396,572,955	6,991,528,909	10,323,870,805	2,176,141,085	8,147,729,720
Customs duties receivable	226,822,803	25,407,592	201,415,211	269,056,891	22,274,661	246,782,230
Excise taxes and duties receivable	1,753,744,107	61,866,657	1,691,877,450	1,164,956,571	294,780,554	870,176,017
Total	81,397,259,028	9,486,345,293	71,910,913,735	74,636,681,095	8,734,741,030	65,901,940,065

Certain comparative figures have been reclassified to conform to the current year's presentation.

Table 7.4 presents the aging for tax receivables for the period over which claims at March 31 have been outstanding. Receivables based on estimates of unassessed taxes at year-end are included in current receivables.

TABLE 7.4

AGING OF TAX RECEIVABLES

	Year ended March 31	
	2009	2008
	$	$
Tax receivables		
Less than one year	63,073,565,580	47,123,930,788
1-2	3,189,151,980	6,058,338,471
2-3	2,187,101,335	3,219,570,560
3-4	1,646,185,499	3,554,938,039
4-5	1,973,721,872	3,115,316,402
Over 5 years	9,327,532,762	11,564,586,835
Total	81,397,259,028	74,636,681,095

Other accounts receivable

Other accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to the Government for use of its assets, or from the proceeds for provision of services as of March 31, 2009.

Amounts receivable written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.5 presents a summary of the balances for other receivables.

TABLE 7.5

OTHER ACCOUNTS RECEIVABLE AS AT MARCH 31

	2009			2008		
	Gross receivables	Allowance for doubtful accounts	Net receivables	Gross receivables	Allowance for doubtful accounts	Net receivables
	$	$	$	$	$	$
Other receivables[1]	4,046,041,656	1,329,028,660	2,717,012,996	4,012,487,928	1,262,803,235	2,749,684,693
Accounts receivable of consolidated Crown corporations and other entities	533,703,000		533,703,000	498,112,000		498,112,000
Total	4,579,744,656	1,329,028,660	3,250,715,996	4,510,599,928	1,262,803,235	3,247,796,693

[1] Other receivables are the financial claims owed to the Government and arising from other revenues.

Table 7.6 presents the aging of other accounts receivables for the period over which claims at March 31 have been outstanding.

TABLE 7.6

AGING OF OTHER ACCOUNTS RECEIVABLE

	Year ended March 31	
	2009	2008
	$	$
Outstanding days		
0-30	1,195,978,283	1,767,008,383
31-60	311,613,593	212,431,425
61-90	190,005,464	75,033,524
91-365	291,177,193	338,036,104
Over 365	2,057,267,123	1,619,978,492
Total	4,046,041,656	4,012,487,928
Accounts receivable of consolidated Crown corporations and other entities	533,703,000	498,112,000
Total	4,579,744,656	4,510,599,928

SECTION 8

2008-2009

PUBLIC ACCOUNTS OF CANADA

Foreign Exchange Accounts

CONTENTS

	Page
International reserves held in the Exchange Fund Account	8.2
International Monetary Fund—Subscriptions	8.3
International Monetary Fund—Notes payable	8.3
Special drawing rights allocations	8.3
Supplementary statement— Exchange Fund Account	8.4

FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Investment income from the foreign exchange accounts and net gains and losses resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are recorded in foreign exchange net revenues on the Statement of Operations and Accumulated Deficit.

Table 8.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to $10,381 million as at March 31, 2009 ($9,498 million as at March 31, 2008); details relating to these obligations are presented in Section 6 of this volume. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 8.1

FOREIGN EXCHANGE ACCOUNTS

	April 1/2008	Payments and other charges	Receipts and other credits	March 31/2009
	$	$	$	$
International reserves held in the Exchange Fund Account, Table 8.2	42,903,394,693	39,199,426,638	30,908,750,569	51,194,070,762
International Monetary Fund – Subscriptions	10,751,719,136	1,258,872,380		12,010,591,516
	53,655,113,829	*40,458,299,018*	*30,908,750,569*	*63,204,662,278*
Less:				
International Monetary Fund – Notes payable	10,040,500,640	1,497,000,000	1,483,093,103	10,026,593,743
Special drawing rights allocations	1,315,503,863		154,026,669	1,469,530,532
	11,356,004,503	*1,497,000,000*	*1,637,119,772*	*11,496,124,275*
Total	42,299,109,326	41,955,299,018	32,545,870,341	51,708,538,003

International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and special drawing rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each year. The financial statements as at March 31, 2009, together with the Auditor General's report thereon, are found at the end of this section.

Table 8.2 shows international reserves held in and advances to the Exchange Fund Account as at March 31, 2009. Gold held by the Account is valued at 35 SDRs per fine ounce ($66.00 Cdn as at March 31, 2009 and $59.08 Cdn as at March 31, 2008).

In 2008-2009, payments and other charges consisted of advances to the Exchange Fund Account in the amount of $37,346 million and an adjustment of $1,853 million to recognize the net income of the Exchange Fund Account for the period April 1, 2008 to March 31, 2009. Receipts and other credits consisted of repayments of advances of $26,307 million and a net valuation adjustment of $4,602 million .

TABLE 8.2

INTERNATIONAL RESERVES HELD IN THE EXCHANGE FUND ACCOUNT

(in millions of dollars)

	March 31/2009	March 31/2008
US dollar cash on deposits	548	214
US dollar short-term deposits		1,372
US dollar marketable securities	27,404	17,281
Euro cash on deposits	272	244
Euro marketable securities	21,641	22,095
Japanese yen cash deposits	106	86
Japanese yen marketable securities		515
Special drawing rights	1,216	1,090
Gold	7	7
Total	51,194	42,904
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollars (2009, $23,125 million US; 2008, $18,416 million US)	29,167	18,904
Euro	21,128	21,489
Japanese yen	102	597
Special drawing rights (2009, SDR 610 million; 2008, SDR 610 million)	(1,150)	(1,030)
Canadian dollars	94	1,116
Total advances from the Consolidated Revenue Fund	49,341	41,076
Total net income from April 1 to March 31	1,853	1,828
Total	51,194	42,904

International Monetary Fund—Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of SDR, a unit of account defined in terms of a "basket" of four major currencies, the Euro, US dollar, Pound sterling and Japanese yen.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars.

In 2008-2009, payments and other charges consisted of a valuation adjustment of $1,259 million.

International Monetary Fund—Notes Payable

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 2008-2009, notes payable to the IMF decreased by $14 million.

Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The special drawing right is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 2008-2009, receipts and other credits consisted of a valuation adjustment of $154 million.

SUPPLEMENTARY STATEMENT

Exchange Fund Account

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Responsibility for the financial statements of the Exchange Fund Account (the Account) and all other information presented in this Annual Report rests with the Department of Finance. The operation of the Account is governed by the provisions of Part II of the *Currency Act*. The Bank of Canada administers the Account, as fiscal agent for the Government of Canada.

The financial statements were prepared in accordance with the accounting policies set out in Note 2 to the financial statements, which are consistent with those used by the Government of Canada, and do not result in any significant differences from Canadian generally accepted accounting principles for the public sector. These policies were applied on a basis consistent with that of the preceding year.

The Department of Finance establishes policies for the Account's transactions and investments. It also ensures that the Account's activities comply with the statutory authority of the *Currency Act*.

The Bank of Canada maintains appropriate financial systems and related internal controls to provide reasonable assurance that financial information is reliable, assets are safeguarded and transactions are properly authorized in accordance with the *Currency Act*. The system of internal control is supported by an internal audit department, whose functions include reviewing internal controls, including accounting and financial controls and their application. The Bank reports to the Department of Finance on the financial position of the Account and on the results of its operations.

The Auditor General of Canada conducts an independent audit of the financial statements of the Account and reports the results of her audit to the Minister of Finance.

The Annual Report of the Account is tabled in Parliament along with the financial statements, which are also part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

MARK CARNEY
Governor
Bank of Canada

ROB WRIGHT
Deputy Minister
Department of Finance

SHEILA VOKEY, CA
Chief Accountant
Bank of Canada

Ottawa, Canada
July 3, 2009

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the statement of financial position of the Exchange Fund Account as at 31 March 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at 31 March 2009 and the results of its operations and cash flows for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements, which conform with Canadian generally accepted accounting principles.

Further, in my opinion, the transactions of the Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part II of the *Currency Act*.

Nancy Y. Cheng, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 3, 2009

Exchange Fund Account—*Continued*

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH
(in millions of Canadian dollars)

FINANCIAL ASSETS	2009	2008	LIABILITIES	2009	2008
Cash and accounts receivable—			Due to the Consolidated Revenue Fund (Note 8)	51,194	42,904
Cash and short-term deposits (Note 3)	926	1,570			
Accrued interest receivable (Note 7)	698	641			
	1,624	2,211			
Investments—					
Deposits held under repurchase agreements (Note 4)		339			
Marketable securities (Note 5)	48,348	39,262			
Special drawing rights (Note 6)	1,215	1,085			
Gold	7	7			
	49,570	40,693			
	51,194	42,904		51,194	42,904

The accompanying notes are an integral part of these financial statements.

Approved:

MARK CARNEY
Governor
Bank of Canada

ROB WRIGHT
Deputy Minister
Department of Finance

SHEILA VOKEY, CA
Chief Accountant
Bank of Canada

Exchange Fund Account—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 MARCH
(in millions of Canadian dollars)

	2009	2008
Net revenue from investments—		
Marketable securities	1,661	1,622
Cash and short-term deposits	24	72
Special drawing rights	22	38
Deposits held under repurchase agreements	8	89
	1,715	1,821
Other revenue—		
Net foreign exchange gain	138	7
Net revenue for the year	1,853	1,828

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH
(in millions of Canadian dollars)

	2009	2008
Cash flows from operating activities—		
Revenue from investments received—		
Marketable securities	1,334	1,177
Short-term deposits	18	59
Deposits held under repurchase agreements	9	97
Other	11	14
Purchase of marketable securities	(70,206)	(57,949)
Proceeds from the sale or maturity of marketable securities	67,185	56,614
Increase in foreign currency position	137	275
Decrease in foreign currency position	(3,005)	(1,843)
Cash used in operating activities	(4,517)	(1,556)
Cash flows from financing activities—		
Increase in advances from the CRF	30,894	15,415
Repayment of advances to the CRF	(27,535)	(15,888)
Cash (used in) provided by financing activities	3,359	(473)
Effects of exchange rate changes on cash and cash equivalents	175	(527)
Decrease in cash and cash equivalents	(983)	(2,556)
Cash and cash equivalents—		
Balance, beginning of year	1,909	4,465
Balance, end of year	926	1,909
Represented by:		
Cash and short-term deposits	926	1,570
Deposits held under repurchase agreements		339
	926	1,909

The accompanying notes are an integral part of these financial statements.

Exchange Fund Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

(Amounts in the notes to the financial statements are in millions of Canadian dollars, unless otherwise stated.)

1. Authority and objective

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act*. The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account. The majority of Canada's official international reserves reside inside the Account. The Account represents approximately 96 percent (98 percent as at 31 March 2008) of Canada's official reserves. The remainder of the official reserves reside in the foreign currency accounts of the Minister of Finance.

The legislative mandate of the Account is to aid in the control and protection of the external value of the Canadian dollar. The Minister of Finance empowers the Account to acquire or sell assets deemed appropriate for this purpose, in accordance with the Account's *Statement of Investment Policy*.

Assets held in the Account are managed to provide foreign-currency liquidity to the Government and to promote orderly conditions for the Canadian dollar in the foreign exchange markets, if required. Canada's current policy is to intervene in foreign exchange markets on a discretionary, rather than a systematic, basis and only in the most exceptional of circumstances. Since September 1998, no transactions were aimed at moderating movements in the value of the Canadian dollar.

In accordance with the *Currency Act*, the net revenue for the year is paid to or charged to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the fiscal year, and the Minister of Finance reports to Parliament on the operations of the Account within the first 60 days on which Parliament is sitting after the end of the fiscal year.

2. Significant accounting policies

As stipulated in the *Currency Act*, the financial statements of the Account are prepared in a manner consistent with the accounting policies used by the Government of Canada to prepare its financial statements. The presentation and results of the Account using these accounting policies do not result in any significant differences from Canadian generally accepted accounting principles for the public sector.

(a) Revenue recognition

Revenue from investments is recorded on an accrual basis and includes interest earned, amortization of premiums and discounts using the straight line method, gains or losses on sales of securities, and revenues from securities lending activities. Interest is accrued on short-term deposits, deposits held under repurchase agreements, marketable securities, and Special Drawing Rights.

(b) Expense recognition

The Account's administrative, custodial, and fiscal agency services are provided and paid for by the Bank of Canada and Department of Finance. These costs are not recognized in the financial statements.

In addition, the notional cost specifically identified as related to the funding of the Account's assets and advanced by the CRF are not recognized in the financial statements.

(c) Financial assets

Short-term deposits

Short-term deposits are recorded at cost and are generally held to maturity.

Deposits held under repurchase agreements

Deposits held under repurchase agreements are recorded at cost.

Marketable securities

Marketable securities are recorded at cost and are adjusted for amortization of purchase discounts and premiums on a straight-line basis over the term to maturity of the security. Purchases and sales of securities are recorded at the settlement dates. The securities loaned under the securities lending program continue to be accounted for as investment assets.

Short-term deposits, Deposits held under repurchase agreements and Marketable securities are written down to their recoverable amount in the event of an other than temporary impairment in the fair value. Write-downs to reflect other than temporary impairment are included in *Net revenue from investments* in the *Statement of Operations*.

Special Drawing Rights

SDRs are recorded at fiscal year-end market value.

Gold

Gold is carried in the Account at a value of 35 SDRs per fine ounce, which approximates cost and conforms to the value used in the *Public Accounts of Canada*.

Exchange Fund Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009—*Continued*

(d) Translation of foreign currencies and Special Drawing Rights

Assets and advances denominated in foreign currencies and special drawing rights (SDRs) are translated into Canadian dollar equivalents at rates prevailing on the balance sheet dates, which were as follows:

	2009	2008
US dollars	1.2613	1.0265
Euros	1.6755	1.6205
Japanese yen	0.0127	0.0103
SDRs	1.8857	1.6881

Gains or losses resulting from the translation of assets and advances denominated in foreign currencies and SDRs, as well as on transactions throughout the fiscal year, are recorded as net foreign exchange gains or losses and are included in the category *Other revenue* in the *Statement of Operations*.

Investment revenue in foreign currencies and SDRs is translated into Canadian dollars at the foreign exchange rates prevailing on the date the revenue is earned.

(e) Use of estimates and measurement uncertainty

The preparation of the financial statements of the Account requires management to make estimates and assumptions, based on information available as of the date of the financial statements. The most significant use of estimates is in the disclosure of the fair value of assets and disclosure of the notional cost of advances.

3. Cash and short-term deposits

	2009 Carrying value	2008 Carrying value
Cash—		
US dollars	548	214
Euros	272	244
Japanese yen	106	86
Short-term deposits—		
US dollars		1,026
	926	1,570

Short-term deposits are money market transactions where the Account invests funds with designated counterparties.

There were no short-term deposits at 31 March 2009. At 31 March 2008, the weighted-average yield to maturity on short-term deposits was 3.30 percent and the term to maturity was less than 3 months.

4. Deposits held under repurchase agreements

Deposits held under repurchase agreements are money market transactions where the Account invests funds on a secured basis with designated counterparties at prevailing market rates based on tri-party reverse repurchase agreements. The collateral on these transactions is held by a tri-party custodian.

Deposits held under repurchase agreements are denominated in US dollars. There were no deposits held under repurchase agreements at 31 March 2009. At 31 March 2008, the weighted-average yield to maturity on deposits held under repurchase agreements was 3.16 percent and the term to maturity was less than 3 months. The fair value of collateral held on these transactions was $346 million.

Exchange Fund Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009—*Continued*

5. Marketable securities

	Term to maturity									
	2009									2008
	Under 6 months		6 months to 1 year		1 to 5 years		Over 5 years		Total	Total
	Carrying value	Yield %	Carrying value	Yield %	Carrying value	Yield %	Carrying value	Yield %	Carrying value	Carrying value
US dollar—										
Corporation	126	0.73							126	77
Commercial Banks	568	0.51							568	948
Sovereign	6,171	0.62			124	3.57	2,455	4.02	8,750	5,062
Supra National	718	0.59	25	4.82	836	4.44	2,994	4.64	4,573	3,205
Agencies and other	5,490	0.92	985	1.27	2,485	4.27	4,215	4.63	13,175	7,829
	13,073		1,010		3,445		9,664		27,192	17,121
Euro—										
Sovereign	2,577	2.38	301	3.66	3,520	3.48	5,659	4.02	12,057	11,326
Supra National			242	4.96	856	4.32	1,255	4.17	2,353	2,550
Agencies and other	586	3.52	715	3.80	3,414	4.05	2,031	4.06	6,746	7,750
	3,163		1,258		7,790		8,945		21,156	21,626
Japanese yen—										
Sovereign										515
										515
Total marketable securities	16,236		2,268		11,235		18,609		48,348	39,262

The yield in the above table represents the weighted average yield to maturity based on the carrying value at the end of the fiscal year for the respective securities.

At 31 March 2009, the net unamortized premium on marketable securities amounted to $356 million ($6 million net unamortized premium at 31 March 2008). Sales of marketable securities during the year resulted in a net gain of $135 million (net gain of $60 million at 31 March 2008) and is included in *Net revenue from Marketable Securities* on the *Statement of Operations*.

Under the securities lending program, the Account has agency agreements with two major financial institutions. Loans of securities are effected on behalf of the Account by these agents who guarantee the loans and obtain collateral of equal or greater value from their approved counterparties in these transactions. At 31 March 2009, a portion of the Account's holdings of US government securities, consisting of US$255 million (par value) in Treasury Bills (US$2,182 million (par value) at 31 March 2008) and US$698 million (par value) in Treasury Notes (US$713 million (par value) at 31 March 2008), was being used in securities lending program with financial institutions.

6. Special Drawing Rights

The special drawing right (SDR) is an international reserve asset created by the International Monetary Fund (IMF) in 1969 to supplement the existing official reserves of member countries. SDRs are allocated to member countries in proportion to their IMF quotas. The SDR serves as the unit of account of the International Monetary Fund (IMF) and its value is based on a basket of key international currencies.

7. Accrued Interest Receivable

	2009	2008
Cash and short-term deposits		5
Deposits held under repurchase agreements		2
Marketable securities—		
US dollar	212	160
Euro	485	469
SDRs	1	5
	698	641

The fair value of accrued interest is deemed equal to carrying value given the short term to maturity.

8. Due to the Consolidated Revenue Fund (CRF)

The Account is funded by the Government of Canada through interest-free advances from the CRF. Advances to the Account from the CRF are authorized by the Minister under the terms and conditions prescribed by the Minister of Finance. These advances are limited to $60 billion by order of the Minister of Finance dated 30 December 2005.

The CRF advances the proceeds of Canada's borrowings in foreign currencies and allocations of SDRs by the IMF to the Account. Subsequent repayments of foreign currency debt are made using the assets of the Account and result in reductions in the level of foreign currency advances from the CRF. Interest payable by Canada on borrowings in foreign currencies and charges on allocations of SDRs to Canada are charged directly to the CRF.

The Account requires Canadian dollar advances to settle its purchases of foreign currencies. Canadian dollars received from sales of foreign currencies are remitted to the CRF. This, together with foreign currency payments made on behalf of the Government of Canada cause reductions in the level of outstanding Canadian-dollar advances, and can result in overall net deposits of Canadian dollars by the Account with the CRF.

At 31 March, advances from the CRF were comprised of the following currencies:

	2009	2008
US dollars	29,167	18,904
Euros	21,128	21,489
Japanese yen	102	598
SDRs	(1,150)	(1,030)
Subtotal – Foreign currencies	49,247	39,961
Canadian dollars	94	1,115
Net revenue	1,853	1,828
Total Due to Consolidated Revenue Fund	51,194	42,904

For the year ended 31 March 2009, the notional cost specifically identified as related to the funding of the Account's assets and advanced by the CRF to the Account is $1,630 million ($1,792 million for the year ended 31 March 2008). The notional cost of advanced funds is comprised of the actual interest costs on foreign denominated debt and cross currency swaps for foreign currency advances, and an imputed interest cost calculated using the average funding rate of outstanding Government of Canada market debt, applicable to the net of Canadian dollar and SDR currency advances.

9. Financial instruments

The role of the Account as principal repository of Canada's official international reserves determines the nature of its assets and of its operations, as well as its use of financial instruments.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial contract will fail to discharge its obligations in accordance with agreed upon terms.

To ensure that the Account's asset portfolio is prudently diversified with respect to credit risk, the *Statement of Investment Policy* prescribed by the Minister of Finance specifies limits on holdings by class of issuer (sovereign, agency, supranational, corporation or commercial financial institution) and type of instrument. There are also limits on exposure to any one issuer or counterparty.

With respect to the *Statement of Investment Policy*, the Account may hold fixed income securities of highly rated sovereigns, central banks, government-supported entities and supranational organizations. To be eligible for investment, an entity must have a credit rating in the top seven categories from two of four designated rating agencies (Standard & Poor's, Moody's, Fitch, and Dominion Bond Rating Service). The Account may also make deposits and execute other transactions, up to prescribed limits, with commercial financial institutions that meet the same rating criteria.

As stipulated in the *Currency Act*, the Minister may appoint agents to perform services concerning the Account. Through the securities-lending program, agents can lend securities only up to a prescribed maximum amount and only to a list of approved counterparties. Each borrower must enter into a Securities Loan Agreement with either of the agents. Borrowers are also required to provide collateral for securities borrowed, according to a specific list approved by the Government. Collateral is limited to specific security types, terms to maturity, and credit ratings.

The agents also provide an indemnity in the event of default by the borrower. The Account enters into securities lending transactions in order to increase its return on investments.

(b) Interest rate and foreign currency risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Exchange Fund Account—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009—*Concluded*

Interest rate and foreign currency risks are managed, with due consideration of the risk to the Government of Canada, through the asset-liability management policy. This policy utilizes a strategy of matching the duration structure and the currency of the Account's assets with the foreign currency borrowings of the Government of Canada that notionally finance the Account's assets.

(c) Fair value of financial instruments

	2009		2008	
	Carrying value and accrued interest	Fair value	Carrying value and accrued interest	Fair value
Investments—				
Cash and short-term deposits	926	926	1,575	1,575
Deposits held under repurchase agreements			341	341
Marketable securities—				
US dollar	27,404	28,299	17,281	17,811
Euro	21,641	22,375	22,095	22,070
Japanese yen			515	522
	49,971	51,600	41,807	42,319
SDRs	1,216	1,216	1,090	1,090
Gold	7	126	7	104
	51,194	52,942	42,904	43,513

The estimated fair value of cash, short-term deposits and deposits held under repurchase agreements is deemed equal to their carrying value given their short term to maturity. SDRs are translated into Canadian dollar equivalents at rates prevailing on the balance sheet dates.

Estimated fair values of marketable securities are based on quoted market prices. If such prices are not available, the fair value is determined by discounting future cash flows using an appropriate yield curve. During the year, no marketable securities have been written down to reflect other than temporary impairments in the fair value.

Subsequent to 31 March 2009, the fair value of marketable securities continued to fluctuate as a result of changes in market conditions. As discussed in notes 9(a) and 9(b), interest rate and credit risks are managed in accordance with the Account's *Statement of Investment Policy* and the asset-liability management policy. These risk management practices mitigate the risk of fair value fluctuations.

The estimated fair value of gold is based on London fixing of $1,155.98 at 31 March 2009 ($958.24 at 31 March 2008) per fine ounce.

10. Commitments

(a) Foreign currency swaps

Foreign currency swaps are agreements that exchange one type of obligation for another involving different currencies and the exchange of the principal amounts and interest payments. The Account may enter into short-term foreign currency swap arrangements with the Bank of Canada to assist the Bank in its cash-management operations. There were no drawings under this facility during the years ended 31 March 2009 or 31 March 2008, and there were no commitments outstanding at 31 March 2009.

(b) Foreign currency contracts

A foreign currency contract is a commitment to purchase or sell a foreign currency at the spot rate, requiring settlement within two days. In the normal course of operations, the Account enters into foreign currency contracts. At 31 March 2009, the Account was under contract to sell $8 million ($15 million at 31 March 2008) of foreign currency. Unrealized gains (losses) on foreign currency contracts are calculated using the 31 March 2009 exchange rates. As of that date, there were no unrealized net gains (losses) included in net revenue (nil at 31 March 2008). Outstanding foreign currency contracts were settled by 1 April 2009.

(c) Investment contracts

In the normal course of operations, the Account enters into investment contracts. The following table presents the fair value of investment contracts with contractual amounts outstanding at 31 March 2009. There were no outstanding investment contracts at 31 March 2009.

	2009		2008	
	Contractual value	Fair value	Contractual value	Fair value
Marketable securities—				
US dollars—				
Purchases			(22)	(22)
Sales			22	22
Euro—				
Purchases			(495)	(494)
Sales			499	498

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SECTION 9

2008-2009

PUBLIC ACCOUNTS OF CANADA

Loans, Investments and Advances

CONTENTS

	Page
Enterprise Crown corporations and other government business enterprises	9.4
Summary financial statements of enterprise Crown corporations and other government business enterprises	9.8
Borrowings by enterprise Crown corporations and other government business enterprises	9.14
Maturity and currency of borrowings by enterprise Crown corporations and other government business enterprises	9.15
Contingent liabilities of enterprise Crown corporations and other government business enterprises	9.15
Contractual obligations of enterprise Crown Corporations and other government business enterprises	9.16
Financial assistance to enterprise Crown corporations and other government business enterprises	9.17
Portfolio investments	9.18
National governments including developing countries	9.20
International organizations	9.24
Provincial and territorial governments	9.28
Other loans, investments and advances	9.31
Allowance for valuation	9.40

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LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada acquired through the use of parliamentary appropriations, except for the portion of the investment balances representing adjustments for the equity of enterprise Crown corporations and other government business enterprises. Some of these appropriations permit repayments to be used for further loans and advances. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II.

The investment in enterprise Crown corporations and other government business enterprises is accounted for under the modified equity method and is carried at cost which is adjusted for the annual profits or losses of the enterprises and reduced by any dividends paid by the corporations to the Government. Under the modified equity approach, the accounting policies of the enterprise Crown corporations and other government business enterprises are not adjusted to conform to the Government's accounting policies. The Government also reports any amounts receivable from or payable to these corporations.

Other loans, investments and advances are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Balances of loans, investments and advances resulting from foreign currency transactions are reported at year-end closing rates of exchange; net gains and losses related to these sovereign loans are presented with the return on investments from these loans under other program revenues.

The allowance established to reflect reductions from the recorded value to the estimated realizable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under subsection 63(2) of the *Financial Administration Act*.

Revenues received during the year on loans, investments and advances, are credited to other revenues; details are provided in Section 3 of this volume and in Section 11 of Volume III.

Table 9.1 presents the transactions and year-end balances of loans, investments and advances by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 9.1
LOANS, INVESTMENTS AND ADVANCES

	April 1/2008	Payments and other charges	Receipts and other credits	March 31/2009
	$	$	$	$
Enterprise Crown corporations and other government business enterprises, Table 9.2	30,167,166,987	137,307,367,054	63,425,123,474	104,049,410,567
Portfolio investments, Table 9.11	115,732,317	4,141,200	10,586,051	109,287,466
National governments including developing countries, Table 9.12	554,596,771	256,546,702	74,618,992	736,524,481
International organizations, Table 9.13	14,475,928,583	956,286,292	50,898,119	15,381,316,756
Provincial and territorial governments, Table 9.14	3,743,687,164	484,457,929	701,328,662	3,526,816,431
Other loans, investments and advances, Table 9.15	19,395,040,350	5,209,049,643	4,203,731,454	20,400,358,539
	68,452,152,172	144,217,848,820	68,466,286,752	144,203,714,240
Less: allowance for valuation	17,582,716,636	374,255,133	1,901,589,656	19,110,051,159
Total	50,869,435,536	144,592,103,953	70,367,876,408	125,093,663,081

Enterprise Crown Corporations and Other Government Business Enterprises

Loans and advances to, and investments in, enterprise Crown corporations and other government business enterprises represent the balance of financial claims held by the Government against corporations and entreprises for working capital, capital expenditures and other purposes, investments in the capital stock of corporations, and loans and advances to corporations and entreprises for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries.

Enterprise Crown corporations are a type of government business enterprise and are defined as those Crown corporations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected Crown corporations listed in Part I, all the Crown corporations listed in Part II of Schedule III of the *Financial Administration Act* and the Bank of Canada. Although a Crown corporation, the Canada Pension Plan Investment Board is not part of the Government reporting entity since its mandate is to manage an investment portfolio on behalf of the Canada Pension Plan which is itself excluded from the reporting entity.

There are also a number of self-sustaining government business enterprises that are not considered Crown corporations within the meaning of the *Financial Administration Act*, but which are controlled by the Government and in most cases accountable to Parliament through a Minister of the Crown for the conduct of their affairs. These are referred to as "other government business enterprises" and include the Canadian Wheat Board and the various Port Authorities.

Most of the enterprise Crown corporations and other government business enterprises are agents of Her Majesty for the conduct of all or part of their activities. This status is granted in one of the following ways:

i. designation by Parliament, through a special act of incorporation;

ii. statutory authorization; or,

iii. proclamation by the *Government Corporations Operation Act*.

Further information on the business and activities of all parent Crown corporations and information on all Crown corporations and other corporate interest of Canada is provided in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. Although no longer included as part of this Report, a compilation of the audited financial statements of the parent Crown corporations is also available upon request.

Table 9.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations and other government business enterprises.

TABLE 9.2

ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

	April 1/2008	Payments and other charges	Receipts and other credits	March 31/2009
	$	$	$	$
Investments—				
Investments and accumulated profits/losses (Table 9.5)	22,207,029,950	5,054,711,000	2,094,870,000	25,166,870,950
Loans and advances[1]—				
Canada Mortgage and Housing Corporation—				
Housing	3,169,445,564		95,406,076	3,074,039,488
Real estate	43,654,308		5,873,419	37,780,889
Joint projects	829,174,792		54,562,057	774,612,735
Student housing projects	184,804,521		12,469,187	172,335,334
Sewage treatment projects	164,963,770		41,179,072	123,784,698
Assisted home ownership	736,337		736,337	
	4,392,779,292		*210,226,148*	*4,182,553,144*
Finance—				
Business Development Bank of Canada	1,000,000,000	23,047,000,000	16,763,000,000	7,284,000,000
Canada Lands Company Limited	37,444,798	1,694,217	265,000	38,874,015
Canada Mortgage and Housing Corporation		61,729,821,235	4,048,995,959	57,680,825,276
Farm Credit Canada	3,840,000,000	47,104,810,000	39,494,705,000	11,450,105,000
	4,877,444,798	*131,883,325,452*	*60,306,965,959*	*76,453,804,291*
Other—				
Canadian Dairy Commission	96,901,000	173,716,800	170,490,000	100,127,800
Subtotal – Loans and advances	9,367,125,090	132,057,042,252	60,687,682,107	80,736,485,235
Less:				
Amount expected to be repaid from future appropriations	1,388,126,300		473,084,700	1,861,211,000
Unamortized discounts and premiums	18,861,753	195,613,802	169,486,667	(7,265,382)
Total – Loans and advances	7,960,137,037	132,252,656,054	61,330,253,474	78,882,539,617
Total	30,167,166,987	137,307,367,054	63,425,123,474	104,049,410,567

[1] These loans are recorded at cost.

The results and financial position of enterprise Crown corporations and other government business enterprises are detailed at Tables 9.3 to 9.5. These tables also show the breakdown of the equity of each corporation between accumulated profits and losses, contributed surplus and capital stock, as well as the details of the Government's investment under the modified equity accounting method.

The Government of Canada has also made loans and advances to various enterprise Crown corporations and other government business enterprises. The following describes loans which were outstanding as of March 31, 2009 or 2008.

Canada Mortgage and Housing Corporation

The Corporation was incorporated, on January 1, 1946, by the *Canada Mortgage and Housing Corporation Act*. The Corporation's mandate, as stated in the *National Housing Act*, is to promote the construction, repair and modernization of housing, the improvement of housing and living conditions, housing affordability and choice, the availability of low-cost financing for housing, and the national well-being of the housing sector. Advances have been made to the Canada Mortgage and Housing Corporation to support various programs undertaken by the Corporation.

Housing

Advances made for moderate to low income housing bear interest at rates from 4.13 percent to 16.10 percent per annum, and are repayable over 1 to 50 years, with the final instalment on March 31, 2037.

Real estate

Advances made for the acquisition and development of real estate bear interest at rates from 9.50 percent to 15 percent per annum, and are repayable over 50 years, with the final instalment on June 30, 2036.

Joint projects

Advances made to undertake housing projects jointly with the provinces bear interest at rates from 3.50 percent to 17.96 percent per annum, and are repayable over 1 to 50 years, with the final instalment on June 30, 2038.

Student housing projects

Advances made for student housing projects bear interest at rates from 5 percent to 10.05 percent per annum, and are repayable over 20 to 50 years, with the final instalment on April 1, 2030.

Sewage treatment projects

Advances made to assist in the establishment or expansion of sewage treatment projects and the construction of trunk storm sewers bear interest at rates from 5 percent to 9.63 percent per annum, and are repayable over 20 to 50 years, with the final instalment on March 31, 2023.

Assisted home ownership

Advances made for owner-occupied housing bear interest at rates from 8.58 percent to 8.62 percent per annum, and are repayable over 18 to 20 years, with the final instalment on December 31, 2008.

During the year, the advances were repaid in full and the account was closed.

Business Development Bank of Canada

Direct lending to Crown corporations

The Business Development Bank of Canada was established in 1974 by the *Federal Business Development Bank of Canada Act* and was continued under its current name by an Act of Parliament on July 13, 1995. The Corporation is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*, is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The role of the Corporation is to promote and assist in the establishment and development of business enterprises in Canada, with specific attention to small and medium-sized businesses. The Corporation provides a wide range of lending, investment and consulting services complementary to those of commercial financial institutions. The Corporation offers Canadian companies services tailored to meet the current needs of small and medium-sized businesses while earning an appropriate return on investment capital, which is used to further the Corporation's activities.

Pursuant to Section 19 of the *Business Development Bank of Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

All the loans outstanding at year end bear interest at rates from 0.26 percent to 3.54 percent per annum.

Canada Lands Company Limited

Canada Lands Company Limited (originally Public Works Lands Company Limited) was incorporated under the *Companies Act* in 1956 and was continued under the *Canada Business Corporations Act*. The Corporation conducts its business through Canada Lands Company CLC Limited (CLC), its principal wholly-owned subsidiary. CLC's objective is to carry out a commercially-oriented and orderly disposal program of certain Government real properties and the management of certain select properties. In undertaking this objective, CLC may manage, develop and dispose of real properties, either in the capacity of owner or as agent of the Government.

CLC has acquired an interest in a number of real properties from the Government in consideration for the issuance of promissory notes, which bear no interest and are repayable from the proceeds of the sale of the properties in respect of which they were issued. The notes were discounted using the Consolidated Revenue Fund lending rate applicable to Crown corporations and recorded at their discounted value.

During the year, no new notes have been issued. An amount of $0.3 million was repaid during the year and an amount of $1.7 million was amortized to income. The balance in the account represents the balance of the notes receivable net of the corresponding unamortized discount.

Canada Mortgage and Housing Corporation

Direct lending to Crown corporations

Pursuant to Section 21(1) of the *Canada Mortgage and Housing Act*, the federal government, at the request of the Corporation, may, out of the Consolidated Revenue Fund, lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

All the loans outstanding at year end bear interest at rates from 0.36 percent to 4.24 percent per annum.

Farm Credit Canada

Direct lending to Crown corporations

The Farm Credit Canada was established in 1959 by the *Farm Credit Act* as the successor to the Canadian Farm Loan Board, and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The Corporation's role is to enhance rural Canada by providing business and financial solutions for farm families and agribusiness. Additionally, the Corporation may deliver specific programs for the Government of Canada on a cost recovery basis.

Pursuant to Section 12(2) of the *Farm Credit Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

All the loans outstanding at year end bear interest at rates from 0.26 percent to 3.84 percent per annum.

Canadian Dairy Commission

The Corporation was established by the *Canadian Dairy Commission Act*, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is $300,000,000 in accordance with the *Canadian Dairy Commission Act*. Currently, the Minister of Finance has authorized $150,000,000 for borrowings from the Consolidated Revenue Fund and $50,000,000 for a line of credit with members of the Canadian Payments Association.

The loans bear interest at rates from 2.4112 percent to 4.3705 percent per annum, and are repayable within one year.

Interest paid to the Government

Interest paid to the Government of Canada with respect to these loans in the years ended March 31, 2009 and 2008 is as follows:

	2008-2009	2007-2008
	(in millions of dollars)	
Corporation		
Business Development Bank of Canada	105.8	1.9
Canada Mortgage and Housing Corporation	918.8	412.3
Canadian Dairy Commission	2.7	2.1
Farm Credit Canada	168.5	19.9
Total	1,195.8	436.2

Summary Financial Statements of Enterprise Crown Corporations and Other Government Business Enterprises

The following tables display details of the assets, liabilities, equity, revenues and expenses of enterprise Crown corporations and other government business enterprises.

Tables 9.3 to 9.5 present the assets, liabilities, equity, revenues, expenses and other changes in equity of enterprise Crown corporations and other government business enterprises grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part I of Schedule III of the *Financial Administration Act* and of other competitive and self-sustaining government business enterprises.

For those corporations having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation and other government business enterprises in accordance with its own respective accounting policies. Most enterprise Crown corporations follow Canadian generally accepted accounting principles (GAAP) for private sector.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, inventories and prepayments such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent amounts repayable to financial institutions and other investors. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, accrued interest on borrowings, various other accrual, capital leases and sundry accounts payable. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations, when applicable. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and enterprises. Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as equity contributions provided by the Government. Other comprehensive income or loss comprises unrealized gains and losses that are recognized in comprehensive income, but excluded from net income. Upon realization, these gains and losses are included in net income. Any intergovernmental transactions are eliminated as part of the modified equity accounting adjustment.

These tables present financial information on parent enterprise Crown corporations and other government business enterprises, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and thus reported under the modified equity basis of accounting and excluded from the consolidated financial statements of their parent Crown corporations.

Enterprise Crown corporations and other government business enterprises are also categorized as being either agents or non-agents of the Crown. Agent status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In some situations, agent status may be restricted to certain designated activities of a corporation.

A summary of financial assistance to enterprise Crown corporations and other government business enterprises for the year ended March 31, 2009 is provided in Table 9.10.

TABLE 9.3

SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES BY SEGMENT

(in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
ASSETS, LIABILITIES AND EQUITY AS AT MARCH 31, 2009						
Assets						
Financial—						
Third parties	1,590,633	34,308,005	306,777,736	3,526,046	47,225	346,249,645
Government, Crown corporations and other entities	1,565,311	46,705,743	6,793,079	13,321	57,116	55,134,570
Total financial assets	3,155,944	81,013,748	313,570,815	3,539,367	104,341	401,384,215
Non-financial assets	6,209,570	206,886	1,046,014	1,267,143	34,375	8,763,988
Total assets as reported	9,365,514	81,220,634	314,616,829	4,806,510	138,716	410,148,203
Elimination adjustments	212,856		(96,681)			116,175
Total assets	9,578,370	81,220,634	314,520,148	4,806,510	138,716	410,264,378
Liabilities						
Third parties—						
Borrowings	593,587		200,044,506	2,060,811	8,967	202,707,871
Bank of Canada notes in circulation and amounts owing to depositors		51,990,173				51,990,173
Other liabilities	4,245,670	160,532	12,493,135	2,595,389	82,823	19,577,549
Government, Crown corporations and other entities	266,673	28,876,083	81,486,901	102,821	89,437	110,821,915
Total liabilities	5,105,930	81,026,788	294,024,542	4,759,021	181,227	385,097,508
Equity of Canada as reported	4,259,584	193,846	20,592,287	47,489	(42,511)	25,050,695
Elimination adjustments	212,856		(96,681)			116,175
Equity of Canada	4,472,440	193,846	20,495,606	47,489	(42,511)	25,166,870
Total liabilities and equity	9,578,370	81,220,634	314,520,148	4,806,510	138,716	410,264,378
Contingent liabilities	45,074	66,704	4,130,359		17,872	4,260,009
Contractual obligations	1,570,486	251,989	15,949,906	2,253,169	269,863	20,295,413
REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2009						
Revenues						
Third parties	8,486,085	323,902	12,856,918	8,262,364	226,562	30,155,831
Government, Crown corporations and other entities						
Financial assistance				15,192		15,192
Other	629,199	2,003,015	399,785	51,370	85,050	3,168,419
Total revenues	9,115,284	2,326,917	13,256,703	8,328,926	311,612	33,339,442
Expenses						
Third parties	8,075,464	404,420	9,120,897	8,276,487	265,175	26,142,443
Government, Crown corporations and other entities	591,102	165,388	1,709,617	56,355	44,541	2,567,003
Total expenses	8,666,566	569,808	10,830,514	8,332,842	309,716	28,709,446
Net income or (loss) for the year	448,718	1,757,109	2,426,189	(3,916)	1,896	4,629,996
Equity of Canada, beginning of the year as reported	4,043,181	219,018	17,858,040	46,507	(42,327)	22,124,419
Adjustments and other	44,336		2,787	4,898	(19)	52,002
Elimination adjustments	212,856		(96,681)			116,175
Other comprehensive income or (loss)	1,256	(25,172)	(255,875)		(2,061)	(281,852)
Equity transactions with the Government						
Dividends	(277,907)	(1,757,109)	(38,854)			(2,073,870)
Capital			600,000			600,000
Equity of Canada, end of the year	4,472,440	193,846	20,495,606	47,489	(42,511)	25,166,870

TABLE 9.4

FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES—ASSETS, LIABILITIES AND EQUITY AS AT MARCH 31, 2009

(in thousands of dollars)

Enterprise Crown corporations and other government business enterprises(1)	Assets			
	Financial			
	Third parties	Government, Crown corporations and other entities	Non-financial	Total assets
Competitive, self-sustaining				
Blue Water Bridge Authority	17,189	50,850	119,668	187,707
Canada Development Investment Corporation	20,534	45,070	5	65,609
Canada Hibernia Holding Corporation	81,215	103,501	178,981	363,697
Canada Lands Company Limited	18,125	315	474,576	493,016
Parc Downsview Park Inc.	1,037	273	26,621	27,931
Canada Post Corporation	1,082,730	1,282,496	3,235,916	5,601,142
Halifax Port Authority(2)	5,798	643	147,799	154,240
Montreal Port Authority(2)	80,677	51,608	239,298	371,583
Quebec Port Authority(2)	34,241	441	138,240	172,922
Ridley Terminals Inc.	4,958	237	21,389	26,584
Royal Canadian Mint(3)	43,725	20,960	213,870	278,555
Saint John Port Authority(2)	11,916		71,991	83,907
Toronto Port Authority(2)	27,056		55,156	82,212
Vancouver Fraser Port Authority(2)	33,925	2,394	910,987	947,306
Other Canada Port Authorities(2)(4)	127,507	6,523	375,073	509,103
Total—Competitive, self-sustaining	*1,590,633*	*1,565,311*	*6,209,570*	*9,365,514*
Bank of Canada	*34,308,005*	*46,705,743*	*206,886*	*81,220,634*
Lending and Insurance				
Business Development Bank of Canada	11,930,062		160,849	12,090,911
Canada Deposit Insurance Corporation	369,462	1,407,013	1,641	1,778,116
Canada Mortgage and Housing Corporation	14,514,283	53,062	83,387	14,650,732
Canada Housing Trust	160,349,912	607,989		160,957,901
Insurance Programs	10,280,324	3,659,362	155,930	14,095,616
Mortgage-Backed Securities Guarantee Fund	55,985,660	542,208	5,847	56,533,715
Export Development Canada	35,653,305	523,445	530,383	36,707,133
Farm Credit Canada	17,694,728		107,977	17,802,705
Total—Lending and insurance	*306,777,736*	*6,793,079*	*1,046,014*	*314,616,829*
Marketing				
Canadian Commercial Corporation	853,655	4,842	3,397	861,894
Canadian Dairy Commission—Marketing operations	19,771		137,586	157,357
Canadian Wheat Board, The(5)	2,642,768	8,479	1,093,064	3,744,311
Freshwater Fish Marketing Corporation	9,852		33,096	42,948
Total—Marketing	*3,526,046*	*13,321*	*1,267,143*	*4,806,510*
Other				
Atlantic Pilotage Authority	2,738		8,320	11,058
Great Lakes Pilotage Authority	27		210	237
Laurentian Pilotage Authority	11,205		1,829	13,034
Pacific Pilotage Authority	7,389	1,533	11,416	20,338
St.Lawrence Seaway Management Corporation(5)	19,692	48,223	12,600	80,515
Capital Fund Trust	1,792	38		1,830
Employee Termination Benefits Trust Fund	4,382	7,322		11,704
Total—Other	*47,225*	*57,116*	*34,375*	*138,716*
Total	346,249,645	55,134,570	8,763,988	410,148,203
Elimination adjustments		116,175		116,175
Total	346,249,645	55,250,745	8,763,988	410,264,378

(1) All enterprise Crown corporations listed at the margin in this table are parent Crown corporations.
Although a Crown corporation, Canada Pension Plan Investment Board is designed to operate at arm's length from the Government and manages, on behalf of the Canada Pension Plan, funds not belonging to the Government, therefore, it is considered external to the Government reporting entity. The Public Sector Pension Investment Board is not included in the above list since its activities are included in the Government's results through pension accounting.

(2) Canada Port Authorities, which are not Crown corporations but considered other government business enterprises, are agents of the Crown for their port activities.

(3) As a result of the unavailability of the March 31, 2009 information at time of production of the *Public Accounts of Canada*, the figures reported are those as at March 31, 2008; no revenues and expenses are reported for the year ended March 31, 2009.

(4) Consists of the combined figures of the Canada Port Authorities of Belledune, Hamilton, Nanaimo, Port Alberni, Prince Rupert, Saguenay, Sept-Îles, St. John's, Thunder Bay, Trois-Rivières and Windsor.

(5) These entities, which are not Crown corporations or agents of the Crown, are considered other government business enterprises.

Liabilities								
Third parties								
Borrowings	Other	Government, Crown corporations and other entities	Total liabilities	Accumulated profits/ (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
96,330	5,347	33	101,710	85,997			85,997	187,707
	24,259		24,259	(701,835)	743,184	1	41,350	65,609
	89,137	13,203	102,340	261,357			261,357	363,697
153,158	32,523	39,545	225,226	122,709	145,081		267,790	493,016
17,080	7,024	572	24,676	(18,237)	21,492		3,255	27,931
92,600	3,813,116	111,667	4,017,383	428,588	1,155,171		1,583,759	5,601,142
7,367	12,564	617	20,548	82,835	50,857		133,692	154,240
	47,188	1,505	48,693	85,627	237,263		322,890	371,583
20,926	12,975	88,006	121,907	28,739	22,276		51,015	172,922
	5,285	3,120	8,405	(181,863)	64,000	136,042	18,179	26,584
36,167	91,234	6,828	134,229	104,326		40,000	144,326	278,555
	5,264		5,264	16,984	61,659		78,643	83,907
13,914	20,961		34,875	47,337			47,337	82,212
106,034	61,347	1,172	168,553	628,494	150,259		778,753	947,306
50,011	17,446	405	67,862	198,128	243,113		441,241	509,103
593,587	*4,245,670*	*266,673*	*5,105,930*	*1,189,186*	*2,894,355*	*176,043*	*4,259,584*	*9,365,514*
	52,150,705	*28,876,083*	*81,026,788*	*163,846*	*25,000*	*5,000*	*193,846*	*81,220,634*
2,353,883	246,171	7,301,293	9,901,347	873,386	27,778	1,288,400	2,189,564	12,090,911
	803,531	4,361	807,892	970,224			970,224	1,778,116
6,152,444	338,970	7,957,504	14,448,918	176,814	25,000		201,814	14,650,732
160,663,892	293,999		160,957,891		10		10	160,957,901
	6,812,481	127,095	6,939,576	7,156,040			7,156,040	14,095,616
	510,345	54,601,264	55,111,609	1,422,106			1,422,106	56,533,715
26,924,917	3,395,966	9,590	30,330,473	5,043,460		1,333,200	6,376,660	36,707,133
3,949,370	91,672	11,485,794	15,526,836	1,728,144	547,725		2,275,869	17,802,705
200,044,506	*12,493,135*	*81,486,901*	*294,024,542*	*17,370,174*	*600,513*	*2,621,600*	*20,592,287*	*314,616,829*
38,690	775,058	657	814,405	37,489	10,000		47,489	861,894
386	56,324	100,647	157,357					157,357
1,987,394	1,755,388	1,529	3,744,311					3,744,311
34,341	8,619	(12)	42,948					42,948
2,060,811	*2,595,389*	*102,821*	*4,759,021*	*37,489*	*10,000*		*47,489*	*4,806,510*
4,219	3,058		7,277	1,476	2,305		3,781	11,058
	4,310		4,310	(4,155)	82		(4,073)	237
	9,096		9,096	1,459	2,479		3,938	13,034
4,748	5,677		10,425	9,107	806		9,913	20,338
	60,678	44,878	105,556	(10,913)	(14,128)		(25,041)	80,515
	2	30,251	30,253	(28,423)			(28,423)	1,830
	2	14,308	14,310	(2,606)			(2,606)	11,704
8,967	*82,823*	*89,437*	*181,227*	*(34,055)*	*(8,456)*		*(42,511)*	*138,716*
202,707,871	71,567,722	110,821,915	385,097,508	18,726,640	3,521,412	2,802,643	25,050,695	410,148,203
				116,175			116,175	116,175
202,707,871	71,567,722	110,821,915	385,097,508	18,842,815	3,521,412	2,802,643	25,166,870	410,264,378

TABLE 9.5

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES FOR THE YEAR ENDED MARCH 31, 2009

(in thousands of dollars)

	Revenues			
		Government, Crown corporations and other entities[1]		
Enterprise Crown corporations and other government business enterprises	Third parties	Financial assistance	Other	Total
Competitive, self-sustaining				
Blue Water Bridge Authority	23,338			23,338
Canada Development Investment Corporation	620		273,975	274,595
Canada Hibernia Holding Corporation	446,048		11	446,059
Canada Lands Company Limited	138,591		10,886	149,477
Parc Downsview Park Inc.	11,058			11,058
Canada Post Corporation	7,453,552		334,541	7,788,093
Halifax Port Authority	27,927			27,927
Montreal Port Authority	87,319		6,184	93,503
Quebec Port Authority	25,064		710	25,774
Ridley Terminals Inc.	22,104			22,104
Royal Canadian Mint				
Saint John Port Authority	12,486		101	12,587
Toronto Port Authority	23,788			23,788
Vancouver Fraser Port Authority	139,133		43	139,176
Other Canada Port Authorities	75,057		2,748	77,805
Total – Competitive, self-sustaining	*8,486,085*		*629,199*	*9,115,284*
Bank of Canada	*323,902*		*2,003,015*	*2,326,917*
Lending and insurance				
Business Development Bank of Canada	897,548			897,548
Canada Deposit Insurance Corporation	103,671		42,640	146,311
Canada Mortgage and Housing Corporation	628,662		71,770	700,432
Canada Housing Trust	5,644,714		102,885	5,747,599
Insurance Programs	1,802,069		176,381	1,978,450
Mortgage-Backed Securities Guarantee Fund	1,139,387		6,109	1,145,496
Export Development Canada	1,690,214			1,690,214
Farm Credit Canada	950,653			950,653
Total – Lending and insurance	*12,856,918*		*399,785*	*13,256,703*
Marketing				
Canadian Commercial Corporation	1,831,380	15,192	51,370	1,897,942
Canadian Dairy Commission – Marketing operations	256,513			256,513
Canadian Wheat Board, The	6,116,525			6,116,525
Freshwater Fish Marketing Corporation	57,946			57,946
Total – Marketing	*8,262,364*	*15,192*	*51,370*	*8,328,926*
Other				
Atlantic Pilotage Authority	18,729			18,729
Great Lakes Pilotage Authority	15,763			15,763
Laurentian Pilotage Authority	67,947			67,947
Pacific Pilotage Authority	54,552			54,552
St.Lawrence Seaway Management Corporation	69,360		42,938	112,298
Capital Fund Trust	70		42,112	42,182
Employee Termination Benefits Trust Fund	141			141
Total – Other	*226,562*		*85,050*	*311,612*
Total	30,155,831	15,192	3,168,419	33,339,442
Elimination adjustments				
Total net results	30,155,831	15,192	3,168,419	33,339,442
Less equity adjustments				
Share of annual profit				

The accompanying notes for Table 9.4 are an integral part of this table.

[1] The "Financial assistance" column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. Additional amounts representing capital and operating appropriations received by the corporations are included in "Equity transactions with the Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 9.10 because of differences resulting from the different accounting policies followed.

Expenses			Net income or (loss)	Equity beginning of year	Equity adjustments and other	Other comprehensive income or (loss)	Equity transactions with the Government		Equity end of year
Third parties	Government, Crown corporations and other entities	Total					Dividends	Capital	
18,821		18,821	4,517	81,732	(252)				85,997
3,706		3,706	270,889	40,661			(270,200)		41,350
128,810	345,876	474,686	(28,627)	259,370	30,614				261,357
134,063	2,617	136,680	12,797	262,636			(7,643)		267,790
15,700	(176)	15,524	(4,466)	7,076	645				3,255
7,436,669	224,724	7,661,393	126,700	1,457,182		(123)			1,583,759
22,366	1,086	23,452	4,475	129,217					133,692
74,474	7,358	81,832	11,671	308,457		2,762			322,890
21,019	1,447	22,466	3,308	47,707					51,015
21,389	1,667	23,056	(952)	19,131					18,179
				144,326					144,326
14,266	319	14,585	(1,998)	80,554	87				78,643
22,276		22,276	1,512	47,236		(1,411)			47,337
95,070	5,435	100,505	38,671	733,767	6,315				778,753
66,835	749	67,584	10,221	424,129	6,927	28	(64)		441,241
8,075,464	*591,102*	*8,666,566*	*448,718*	*4,043,181*	*44,336*	*1,256*	*(277,907)*		*4,259,584*
404,420	*165,388*	*569,808*	*1,757,109*	*219,018*		*(25,172)*	*(1,757,109)*		*193,846*
699,627	107,354	806,981	90,567	1,867,317	(473)	(1,893)	(15,954)	250,000	2,189,564
172,086	11,315	183,401	(37,090)	1,004,025		3,289			970,224
(39,964)	673,970	634,006	66,426	135,388					201,814
5,644,600	102,999	5,747,599		10					10
671,874	352,352	1,024,226	954,224	6,817,466	3,260	(618,910)			7,156,040
(355,173)	385,435	30,262	1,115,234	334,208		(27,336)			1,422,106
1,660,904	4,359	1,665,263	24,951	5,922,868		78,841		350,000	6,376,660
666,943	71,833	738,776	211,877	1,776,758		310,134	(22,900)		2,275,869
9,120,897	*1,709,617*	*10,830,514*	*2,426,189*	*17,858,040*	*2,787*	*(255,875)*	*(38,854)*	*600,000*	*20,592,287*
1,843,589	53,371	1,896,960	982	46,507					47,489
259,085	2,984	262,069	(5,556)		5,556				
6,116,525		6,116,525							
57,288		57,288	658		(658)				
8,276,487	*56,355*	*8,332,842*	*(3,916)*	*46,507*	*4,898*				*47,489*
18,706		18,706	23	3,758					3,781
15,831		15,831	(68)	(4,005)					(4,073)
63,085		63,085	4,862	(924)					3,938
52,687		52,687	1,865	8,209	(154)	(7)			9,913
114,835	(1,268)	113,567	(1,269)	(23,772)					(25,041)
2	45,697	45,699	(3,517)	(25,041)	135				(28,423)
29	112	141		(552)		(2,054)			(2,606)
265,175	*44,541*	*309,716*	*1,896*	*(42,327)*	*(19)*	*(2,061)*			*(42,511)*
26,142,443	2,567,003	28,709,446	4,629,996	22,124,419	52,002	(281,852)	(2,073,870)	600,000	25,050,695
				82,610	90,504	(35,939)	(21,000)		116,175
26,142,443	2,567,003	28,709,446	4,629,996	22,207,029	142,506	(317,791)	(2,094,870)	600,000	25,166,870
			142,506		(142,506)				
			4,772,502	22,207,029		(317,791)	(2,094,870)	600,000	25,166,870

Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.6 summarizes the borrowing transactions by agent and non-agent enterprise Crown corporations and other government business enterprises.

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the accounts of Canada net of borrowings expected to be repaid directly by these corporations.

Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not on behalf of Her Majesty, but may, at times be guaranteed by the Government.

As at March 31, 2009, an allowance for borrowings of enterprise Crown corporations and other government business enterprises was established at $81 million.

TABLE 9.6

BORROWINGS BY ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

(in thousands of dollars)

	Balance April 1/2008	Borrowings and other credits	Repayments and other charges	Balance March 31/2009
Agent enterprise Crown corporations				
Business Development Bank of Canada	8,024,946	610,555	6,281,618	2,353,883
Canada Lands Company Limited	31,059	126,559	4,460	153,158
Canada Mortgage and Housing Corporation	8,907,055	302,038	3,056,649	6,152,444
Canada Housing Trust	127,565,515	52,148,377	19,050,000	160,663,892
Canada Post Corporation	57,984	37,600	2,984	92,600
Canadian Commercial Corporation	29,031	31,049	21,390	38,690
Canadian Dairy Commission (Marketing operations)	574	40,402	40,590	386
Export Development Canada	16,743,357	37,165,677	26,984,117	26,924,917
Farm Credit Canada	9,623,566	1,665,503	7,339,699	3,949,370
Freshwater Fish Marketing Corporation	18,829	34,341	18,829	34,341
Parc Downsview Park Inc.	4,215	12,865		17,080
Royal Canadian MintThe(1)	36,167			36,167
Total—Agent enterprise Crown corporations	171,042,298	92,174,966	62,800,336	200,416,928
Non-agent enterprise Crown corporations and other government business enterprises				
Atlantic Pilotage Authority	4,427		208	4,219
Blue Water Bridge Authority	99,018		2,688	96,330
Canadian Wheat Board, The	4,017,703	11,582,030	13,612,339	1,987,394
Halifax Port Authority(2)	4,400	7,367	4,400	7,367
Laurentian Pilotage Authority	769		769	
Pacific Pilotage Authority	3,820	928		4,748
Quebec Port Authority(2)	13,812	7,114		20,926
Toronto Port Authority(2)	14,456		542	13,914
Vancouver Fraser Port Authority(2)	34,378	79,153	7,497	106,034
Other Canada Port Authorities(2)	65,476	765	16,230	50,011
Total—Non-agent enterprise Crown corporations and other government business entreprises	4,258,259	11,677,357	13,644,673	2,290,943
Total	175,300,557	103,852,323	76,445,009	202,707,871
Borrowings expected to be repaid by enterprise Crown corporations and other government business enterprises	175,073,699	103,852,323	76,299,003	202,627,019
Allowance for borrowings of enterprise Crown corporations and other government business enterprises expected to be repaid by the Government and reported on the Statement of Financial Position	226,858		146,006	80,852

(1) As a result of the unavailability of the March 31, 2009 information at time of production of the *Public Accounts of Canada*, the figures reported are those as at March 31, 2008.

(2) The Authority is an agent of the Crown only for its port activities. It is considered a non-agent of the Crown for borrowings purposes.

Maturity and Currency of Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.7 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations and other government business enterprises, as at March 31, 2009.

TABLE 9.7

MATURITY AND CURRENCY OF BORROWINGS BY ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
2009	29,005,900	1,256,464	30,262,364
2010	30,095,435	139,142	30,234,577
2011	32,039,514	49,163	32,088,677
2012	40,243,366	33,660	40,277,026
2013	47,027,409	7,918	47,035,327
Subsequent years	22,005,304	804,596	22,809,900
Total	200,416,928	2,290,943	202,707,871(1)

(1) The borrowings are composed of $22,124,729 US, 1,473,557 Pound, 2,323,715 Y, NawkrNE 436,729, NZ $ 676,937, AU $ 60,627, 184,166 CHF, 47,078 MXN, 16,855 Euro and $175,363,478 Cdn.

Contingent Liabilities of Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.8 summarizes the contingent liabilities of enterprise Crown corporations and other government business enterprises. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 9.8

CONTINGENT LIABILITIES OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

(in thousands of dollars)

	March 31, 2009
Bank of Canada – Callable shares	66,704
Canada Lands Company Limited – Loan guarantees	21,820
Canada Mortgage and Housing Corporation	4,900
Insurance Programs	2,047
Export Development Canada – Loan guarantees	4,125,577
Farm Credit Canada – Loan guarantees	4,782
Hamilton Port Authoriy – Miscellaneous litigations	351
St. John's Port Authority – Miscellaneous litigations	10,775
St.Lawrence Seaway Management Corporation – Miscellaneous litigations	6,746
Trois-Rivières Port Authority – Miscellaneous litigations	3,500
Vancouver Fraser Port Authority – Miscellaneous litigations	12,807
Total	4,260,009

Contractual Obligations of Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.9 summarizes the contractual obligations of enterprise Crown corporations and other government business enterprises. A contractual obligation represents a legal obligation to third organizations or individuals as a result of a contract. Contractual obligations are classified into three main categories: loans authorized but undisbursed, capital expenditures and operating leases.

TABLE 9.9

CONTRACTUAL OBLIGATIONS OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES AT MARCH 31, 2009

(in thousands of dollars)

	Loans	Capital expenditures	Operating leases and other	Total
Bank of Canada			251,989	251,989
Business Development Bank of Canada	1,291,632		135,836	1,427,468
Canada Deposit Insurance Corporation			2,092	2,092
Canada Hibernia Holding Corporation			34,485	34,485
Canada Lands Company Limited		25,800		25,800
Canada Mortgage and Housing Corporation	32,111			32,111
Canada Post Corporation			1,158,420	1,158,420
Canadian Commercial Corporation		2,224,229	20,434	2,244,663
Canadian Dairy Commission – Marketing operations		5,708	930	6,638
Canadian Wheat Board, The		358	1,510	1,868
Export Development Canada	9,162,601		3,366,918	12,529,519
Farm Credit Canada	1,885,000		73,716	1,958,716
Halifax Port Authority		3,300		3,300
Laurentian Pilotage Authority		4,035		4,035
Montreal Port Authority		7,548	4,101	11,649
Pacific Pilotage Authority		262,750		262,750
Parc Downsview Park Inc		5,611		5,611
Royal Canadian Mint(1)		303,208		303,208
St Lawrence Seaway Management Corporation			3,078	3,078
Vancouver Fraser Port Authority		17,680	9,512	27,192
Other Canada Port Authorities			821	821
Total	12,371,344	2,860,227	5,063,842	20,295,413

(1) As a result of the unavailability of the March 31, 2009 information at time of production of the *Public Accounts of Canada*, the figures reported are those as at March 31, 2008.

Financial Assistance to Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.10 summarizes financial assistance for both agent and non-agent enterprise Crown corporations and other government business enterprises. It should be read in conjunction with Table 9.5. The purpose for which payments have been made is segregated between: *(a)* amounts recorded as operating transactions and *(b)* amounts used for the acquisition of capital assets.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Differences in figures reported in Table 9.5 and those reported in Table 9.10 result from the use of different accounting policies.

TABLE 9.10

FINANCIAL ASSISTANCE TO ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES FOR THE YEAR ENDED MARCH 31, 2009

(in thousands of dollars)

	Operating	Capital	Financial assistance
Canada Post Corporation [1]	153,310		153,310
Canadian Commercial Corporation	15,192		15,192
Canadian Wheat Board, The [2]	188,263		188,263
St.Lawrence Seaway Management Corporation		830	830
Toronto Port Authority		405	405
Vancouver Fraser Port Authority		5,463	1,330
Total	356,765	6,698	359,330 [3]

[1] Includes a payment of $56,100 from the Department of Indian Affairs and Northern Development for the purpose of providing Northern Air Stage Parcel Service.

[2] Includes payments of $188,263 to The Canadian Wheat Board from the Department of Finance for grants and contributions to meet the commitments made by Canada under multilateral debt reduction agreements.

[3] Of this amount, $168,502 is presented with Crown corporations expenses on the Statement of Operations and Accumulated Deficit in Section 2 of this volume. The remainder is presented with other transfer payments.

Portfolio Investments

Portfolio investments are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. Additional information on these entities is provided in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*.

Under the terms of section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 9.11 presents a summary of the balances and transactions for the various types of portfolio investments.

TABLE 9.11
PORTFOLIO INVESTMENTS

	April 1/2008	Payments and other charges	Receipts and other credits	March 31/2009
	$	$	$	$
Lower Churchill Development Corporation Limited – Natural Resources	14,750,000			14,750,000
Other –				
Co-operative Housing Project – Environment – Parks Canada Agency	337,106			337,106
Canada Pension Plan Investment Board – Finance	100			100
Airline Bankruptcy Proceedings – Foreign Affairs and International Trade – Export Development Canada		3,141,350		3,141,350
Canada Investment Fund for Africa – Foreign Affairs and International Trade – Canadian International Development Agency	100,000,000	985,363	10,586,051	90,399,312
Equity Ownership – Industry – National Research Council of Canada	645,011	14,487		659,498
Public Sector Pension Investment Board – Treasury Board	100			100
North Portage Development Corporation – Western Economic Diversification				
	100,982,317	4,141,200	10,586,051	94,537,466
Total	115,732,317	4,141,200	10,586,051	109,287,466

Lower Churchill Development Corporation Limited

The Corporation was incorporated under the *Companies Act of Newfoundland*, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland and Labrador in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49 percent of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49 percent of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

Co-operative Housing Project

The Parks Canada Agency has invested in the Rocky Mountain II Co-operative Housing Association, along with five other entities, to provide accommodation for Parks Canada employees and employees of other entities in Banff, Alberta.

Canada Pension Plan Investment Board

The Canada Pension Plan Investment Board ("Board") was created pursuant to the *Canada Pension Plan Investment Board Act*. The Board's objectives are to assist the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries and to manage any amounts transferred to it in their best interest.

The Government holds 100 percent of the share capital of the corporation that consists of 10 shares having a fair value of $10 each issued as per legislation. The assets managed by the Board are included in the CPP financial statements. They are excluded from the Government's financial statements since CPP is not part of the Government's reporting entity as explained in Note 1 of the Government's financial statements.

Airline Bankruptcy Proceedings

Pursuant to Section 23(6) of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to make any investment or enter into any transaction or any class of transactions necessary or desirable for the management of assets and liabilities arising out of any transaction that may be entered into pursuant to this section. On February 19, 2009 the Corporation was awarded 435,033 shares of an airline subject to bankruptcy proceedings at $5.73 US per share by the bankruptcy court. This represents concessions provided to the airline to assist them in exiting from bankruptcy protection. The shares will be sold and the proceeds used to reduce the impact of the concessions granted to the airline and other restructuring costs.

Canada Investment Fund for Africa

The Canada Investment Fund for Africa (CIFA) is a joint public-private sector initiative designed to provide risk capital for private investments in Africa that generate growth. The CIFA is a direct response to the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. The main objectives of the CIFA are to optimize public-private investment in the Fund, to confer a beneficial development impact on Africa by way of increased foreign direct investment and to optimize the beneficial impact of the Fund's activities on Canadian interests.

The Government of Canada is a limited partner in the CIFA and its commitment towards the Fund is composed of a total commitment of $100 million for a period of ten years, which will be used to provide an equivalent amount to all investments committed by private investors as well as other governments, at a ratio 1:1. Payments to the CIFA are made upon receipt of a draw down notice. During the fiscal year 2008-2009, no payment was made to the CIFA. The Canadian International Development Agency received capital reimbursement from CIFA amounting to $4.6 million and investment income of $2.9 million during the year. The balance represents the Government's commitment to advance funds based on investments that have been committed by private investors.

Equity Ownership

In order to help fulfill its mandate to promote industrial innovation in Canada, the National Research Council of Canada (NRC) has taken equity interests in several new firms based on NRC technology. NRC provides financial assistance at better than market conditions to firms through access to equipment, intellectual property and incubation space in laboratories and in the organization's Industry Partnership Facilities.

Since these companies often cannot afford to pay the full cost of the assistance received from the NRC, the NRC takes an equity position in a company in order to help the firms survive the critical development stage. In turn, it allows NRC to earn a return that somewhat reflects the risk taken should the company become successful.

This investment in equity is authorized under subsection 92(1)(b) of the *Financial Administration Act* which allows for the acquisition or the sale or other disposal of shares or assets in the ordinary course of a business of providing financial assistance to publicly and privately held companies and are recorded at cost.

The Government's holdings of shares represents a minority interest in seven publically traded companies and fourteen privately held companies.

Public Sector Pension Investment Board

The Public Sector Pension Investment Board ("Board") was created pursuant to the *Public Sector Pension Investment Board Act*. Its mandate is to invest in financial markets the funds transferred to it from the Public Service, Canadian Forces, Royal Canadian Mounted Police and Reserve Force pension plans. The Board's objective is to achieve maximum rates of return on investments, without undue risk while respecting the requirements and financial obligations of those plans.

The Government holds 100 percent of the share capital of the corporation that consists of 10 shares having a fair value of $10 each issued as per legislation. The assets managed by the Board are recorded against the pension liability.

North Portage Development Corporation

The Corporation was incorporated under the *Manitoba Corporations Act*, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 percent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

National Governments Including Developing Countries

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and loans for development of export trade (administered by Export Development Canada).

Table 9.12 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

TABLE 9.12

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

	April 1/2008	Payments and other charges	Receipts and other credits	March 31/2009
	$	$	$	$
Foreign Affairs and International Trade — Development of export trade (loans administered by Export Development Canada)	248,626,759	218,098,287	50,605,127	416,119,919
Foreign Affairs and International Trade — Canadian International Development Agency — Developing countries — International development assistance	305,789,425	38,446,950	24,013,865	320,222,510
National Defence — North Atlantic Treaty Organization — Damage claims recoverable	180,587	1,465		182,052
Total	554,596,771	256,546,702	74,618,992	736,524,481

Development of export trade

Pursuant to section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where the Corporation has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by the Corporation on behalf of the Government of Canada.

Loan transactions with longer repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 (Section 11 of this volume) present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to national governments, together with their terms and conditions of repayments.

		Payments and other charges		Receipts and other credits		
	April 1/2008	Payments or other charges [1]	Revaluation	Receipts or other credits [2]	Revaluation	March 31/2009
	$	$	$	$	$	$
NON-BUDGETARY LOANS[3]—						
(a) 1 to 5 year term, 0 percent (London Interbank Offered Rate (LIBOR)) interest per annum, with final repayments in December 2010:						
Cameroun	837,993		189,382			1,027,375
(b) 6 to 10 year term, 0.5 percent to 9.0 percent interest per annum, with final repayments between March 2007 and January 2019:						
Argentina	27,344,114		6,066,594			33,410,708
Congo	1,225,702		277,002			1,502,704
Sudan	3,969,758		897,144			4,866,902
	32,539,574		*7,240,740*			*39,780,314*
(c) 11 to 15 year term, 0.5 percent (LIBOR) to 5.1 percent (LIBOR) interest per annum, with final repayments between April 2018 and November 2024:						
Indonesia	2,283,031		410,298	938,103		1,755,226
Kenya	890,488		201,245			1,091,733
Pakistan	6,674,850		1,491,041	139,891		8,026,000
Venezuela	73,052,321		15,349,587	8,749,618		79,652,290
	82,900,690		*17,452,171*	*9,827,612*		*90,525,249*
Insurance claims paid during the year:						
Cuba	18,835,402			11,400,000		7,435,402
Haiti	373,129					373,129
Russia	12,472,071		1,462,654			13,934,725
	31,680,602		*1,462,654*	*11,400,000*		*21,743,256*
Total – Non-budgetary loans	147,958,859		26,344,947	21,227,612		153,076,194
BUDGETARY LOANS[3]—						
(a) 16 to 20 year term, 0 percent interest per annum, with final repayment in March 2011:						
Thailand	4,451,775		494,032	1,923,027		3,022,780
(b) 21 to 25 year term, 0 percent to 3.0 percent interest per annum, with final repayments between November 2015 and April 2018:						
Algeria	5,550,000			568,000		4,982,000
Indonesia	21,490,999		4,435,390	3,179,813		22,746,576
	27,040,999		*4,435,390*	*3,747,813*		*27,728,576*

		Payments and other charges		Receipts and other credits		
	April 1/2008	Payments or other charges [1]	Revaluation	Receipts or other credits [2]	Revaluation	March 31/2009
	$	$	$	$	$	$
(c) 31 to 55 year term, 0 percent to 8.97 percent interest per annum, with final repayments between December 2010 and February 2045:						
Cameroun	12,012,738		2,714,815			14,727,553
China	467,876,222	610,320	104,063,279	14,887,403		557,662,418
Egypt	9,662,529		589,125	333,041		9,918,613
Gabon	8,288,611		1,840,308	279,795		9,849,124
India	46,883,883		10,451,469	1,472,347		55,863,005
Jamaica	5,736,557		1,574,239	508,397		6,802,399
Kenya	5,620,144		1,240,086	236,531		6,623,699
Morocco	80,979,600		17,966,762	2,900,348		96,046,014
Turkey	96,725,839		21,511,088	3,088,813		115,148,114
	733,786,123	*610,320*	*161,951,171*	*23,706,675*		*872,640,939*
Total – Budgetary loans	765,278,897	610,320	166,880,593	29,377,515		903,392,295
Subtotal	913,237,756	610,320	193,225,540	50,605,127		1,056,468,489
Less: portion expensed due to concessionary terms	664,610,997	24,262,427				640,348,570
Total	248,626,759	24,872,747	193,225,540	50,605,127		416,119,919

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

(1) Payments or other charges may include transactions such as loans, adjustments, etc.

(2) Receipts or other credits may include transactions such as repayments, forgiveness, etc.

(3) Prior to April 1, 1987, these loans were authorized by miscellaneous non-budgetary authorities. Subsequently they were authorized by miscellaneous budgetary authorities.

Developing countries—International development assistance

Interest-free or low interest bearing loans have been made through the Canadian International Development Agency to developing countries for international development assistance. Loans are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms. No new loans have been issued since April 1, 1986.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments.

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

	April 1/2008	Payments and other charges	Receipts and other credits [1]	March 31/2009
	$	$	$	$
(a) 30 year term, 7 year grace period, 3 percent interest per annum, with final repayment in March 2005:				
Cuba	9,547,012			9,547,012
(b) 35 year term, 4 year grace period, 5 percent interest per annum, semi-annual interest repayments with first principal repayment due January 2017 and final repayment in July 2026:				
Egypt	44,995,933			44,995,933
(c) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	6,613,650		438,386	6,175,264
Argentina	168,000		18,667	149,333
Bolivia	593,531		42,395	551,136
Brazil	230,049		20,914	209,135
Chile	931,588		147,093	784,495
Colombia	263,079		26,308	236,771
Dominican Republic	3,650,420		236,045	3,414,375
Ecuador	4,152,110		261,848	3,890,262
Guatemala	1,881,353		100,103	1,781,250
Indonesia	185,479,702		10,990,301	174,489,401
Malaysia	1,482,753		62,935	1,419,818
Malta	399,980		24,998	374,982
Mexico	24,942		2,772	22,170
Morocco	7,208,396		586,001	6,622,395
Myanmar (Burma)	8,306,202			8,306,202
Pakistan	447,507,534			447,507,534
Paraguay	179,965		19,996	159,969
Peru	37,286		3,729	33,557
Philippines	1,646,268		97,159	1,549,109
Sri Lanka	86,578,493		5,539,802	81,038,691
Thailand	17,939,672		847,120	17,092,552
Tunisia	51,886,545		3,302,202	48,584,343
	827,161,518		*22,768,774*	*804,392,744*
(d) 53 year term, 13 year grace period, non-interest bearing, with the final repayment in September 2025:				
Algeria	18,676,370		1,245,091	17,431,279
Subtotal	900,380,833		24,013,865	876,366,968
Less: portion expensed due to concessionary terms	594,591,408	38,446,950		556,144,458
Total	305,789,425	38,446,950	24,013,865	320,222,510

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

[1] Receipts and other credits may include transactions such as repayments, forgiveness, etc.

North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

International Organizations

This group records Canada's subscriptions to the share capital of international banks. It also includes loans and advances to associations and other international organizations.

Canada's subscriptions to the share capital of a number of international banks are composed of both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to terms of agreements reached between the organization and participating countries. Canada's subscriptions to the paid-in capital of these organizations are reported in Table 9.13.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. It represents a contingent liability of the Government, and is listed with other contingent liabilities related to international organizations in Table 11.6 (Section 11 of this volume).

Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans made on a long-term, low-interest or interest-free basis, and investments in organizations that make similar loans, are recorded in full or in part as expenses through the allowance for valuation when the economic value is reduced due to their concessionary terms.

Table 9.13 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. The revaluation amount represents the conversion of foreign currency balances to the year-end closing rates of exchange. Balances denominated in United States dollars were converted to Canadian dollars at year-end exchange rate of ($1 US/$1.2613 Cdn).

Tables 11.4 and 11.6 (Section 11 of this volume) present additional information on contractual obligations and contingent liabilities for international organizations that are disclosed in the notes to the audited financial statements in Section 2 of this volume.

The notes payable outstanding at year end of $430,177,279 ($379,470,510 in 2008) are reported in Table 5.3 (Section 5 of this volume).

TABLE 9.13

INTERNATIONAL ORGANIZATIONS

		Payments and other charges		Receipts and other credits		
	April 1/2008	Participation or other charges	Revaluation	Reimbursements or other credits	Revaluation	March 31/2009
	$	$	$	$	$	$
Capital subscriptions[1]—						
Finance—						
European Bank for Reconstruction and Development	221,926,906		50,763,212			272,690,118
International Bank for Reconstruction and Development (World Bank)	344,508,342		75,050,060			419,558,402
International Finance Corporation	83,497,563		19,099,102			102,596,665
Multilateral Investment Guarantee Agency	11,016,655		2,519,932			13,536,587
	660,949,466		*147,432,306*			*808,381,772*
Foreign Affairs and International Trade—						
Canadian International Development Agency—						
African Development Bank	109,459,876		10,595,356			120,055,232
Asian Development Bank	162,608,762		29,999,110			192,607,872
Caribbean Development Bank	20,176,866		3,187,462			23,364,328
Inter-American Development Bank	184,876,404		41,529,290			226,405,694
	477,121,908		*85,311,218*			*562,433,126*
	1,138,071,374		*232,743,524*			*1,370,814,898*

TABLE 9.13

INTERNATIONAL ORGANIZATIONS—*Concluded*

		Payments and other charges		Receipts and other credits		
	April 1/2008	Participation or other charges	Revaluation	Reimbursements or other credits	Revaluation	March 31/2009
	$	$	$	$	$	$
Loans and advances—						
Finance—						
Global Environment Facility[2]	10,000,000					10,000,000
International Development Association[2]	7,811,658,061	384,280,000				8,195,938,061
International Monetary Fund—Poverty Reduction and Growth Facility[1]	321,033,691		33,682,370	50,370,465		304,345,596
	8,142,691,752	*384,280,000*	*33,682,370*	*50,370,465*		*8,510,283,657*
Foreign Affairs and International Trade—						
International organizations and associations[1]						
Berne Union of the World Intellectual Property Organization	39,192					39,192
Customs Co-operation Council	9,662					9,662
Food and Agriculture Organization	1,051,200					1,051,200
General Agreement on Tariffs and Trade	48,806					48,806
International Maritime Organization	2,202					2,202
International Atomic Energy Agency	447,110					447,110
International Civil Aviation Organization	200,429					200,429
Paris Union of the World Intellectual Property Organization	100,989					100,989
United Nations Educational, Scientific and Cultural Organization	872,987					872,987
United Nations organizations	3,632,480					3,632,480
World Health Organization	181,122					181,122
	6,586,179					*6,586,179*
Canadian International Development Agency—						
International financial institutions[2]—						
African Development Bank	1,593,896			125,000		1,468,896
African Development Fund	1,915,392,908	100,800,000	17,609,987			2,033,802,895
Andean Development Corporation	1,937,500			125,000		1,812,500
Asian Development Bank—Special	27,027,000					27,027,000
Asian Development Fund	1,921,547,310	50,506,950				1,972,054,260
Caribbean Development Bank—Agricultural Development Fund	2,000,000					2,000,000
Caribbean Development Bank—Commonwealth Caribbean Regional	4,106,000		939,200			5,045,200
Caribbean Development Bank—Special	200,932,950	13,585,000	2,946,740			217,464,690
Central American Bank for Economic Integration	726,780			76,500		650,280
Global Environment Facility Trust Fund	428,410,000	38,603,370				467,013,370
Inter-American Development Bank—Fund for Special Operations	338,935,877	925,613	42,423,235			382,282,725
Multilateral Investment Fund	27,173,505	6,316,667				33,490,172
International Bank for Reconstruction and Development	20,530,000		4,696,000			25,226,000
International Fund for Agriculture Development	216,957,756	12,425,640				229,383,396
International Monetary Fund	11,260,122		2,575,623			13,835,745
Montreal Protocol Multilateral Fund	72,433,776	4,794,373	6,265,509			83,493,658
	5,190,963,380	*227,957,613*	*77,456,294*	*326,500*		*5,496,050,787*
	13,340,241,311	*612,237,613*	*111,138,664*	*50,696,965*		*14,012,920,623*
Subtotal	14,478,312,685	612,237,613	343,882,188	50,696,965		15,383,735,521
Less: portion expensed due to concessionary terms	2,384,102	166,491		201,154		2,418,765
Total	14,475,928,583	612,404,104	343,882,188	50,898,119		15,381,316,756

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(1) Loans and investments made prior to April 1, 1986 which were authorized by non-budgetary authorities.

(2) Loans and investments made since April 1, 1986 which were authorized by budgetary authorities.

European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development (EBRD), as authorized by the *European Bank for Reconstruction and Development Agreement Act*, and various appropriation acts.

At year-end, Canada has subscribed to 68,000 shares of the EBRD's authorized capital valued at $828.6 million US. Only $216.2 million US or about 26 per cent of Canada's share subscription is "paid-in". The balance is callable meaning the institution can request the resources in the unlikely event that it requires them to meet its financial obligations to bondholders. Payments for the share subscription are authorized by the Act. Each payment to the EBRD is comprised of cash and a promissory note.

As at March 31, 2009, Canada had paid-in shares valued at $216,197,668 US.

Canada's contingent liability for the callable portion of its shares is $612,420,000 US.

International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2009, Canada has subscribed to 44,795 shares. The total value of these shares is $5,403,844,825 US, of which $319,633,987 US plus $16,404,055 Cdn has been paid-in. The remaining portion is callable.

The callable portion is subject to call by the Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is $5,069 million US.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2009, Canada has subscribed to 81,342 shares. These shares have a total value of $81,342,000 US, all of which has been paid-in.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2009, Canada has subscribed to 5,225 shares. The total value of these shares is $56,534,500 US, of which $10,732,250 US is paid-in and the remaining portion is callable.

The callable portion is subject to call by the Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is $45,802,250 US.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year-end, authority had been granted for subscriptions of 8,175 paid-in shares and 73,473 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2009, Canada's participation to the paid-in capital is $120,055,232 Cdn for 8,175 paid-in shares and of these paid-in shares, 2,100 were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $984,917,646 Cdn and $177,333,450 US for a total value of $1,208,588,326 Cdn.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year-end, authority had been granted for subscriptions of 12,961 paid-in shares and 172,125 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2009, Canada's participation to the paid-in capital is $192,607,872 Cdn for 12,961 paid-in shares. Of these paid-in shares, 10,591 were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $1,533,210,533 US and $596,976,219 Cdn for a total value of $2,530,814,664 Cdn.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year-end, authority had been granted for subscriptions of 2,278 paid-in shares and 8,124 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2009, Canada's participation to the paid-in capital is $23,364,328 Cdn for 2,278 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $49,001,856 US for a total value of $61,806,041 Cdn.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year-end, authority had been granted for subscriptions of 14,397 paid-in shares and 320,490 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2009, Canada's participation to the paid-in capital is $226,405,694 Cdn for 14,397 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $3,866,208,680 US for a total value of $4,876,449,008 Cdn.

Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

As at March 31, 2009, advances to the GEF amounted to $10,000,000 Cdn.

International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Votes L10 and L10a, *Appropriation Acts No. 2 and No. 3, 2008-2009*). The contributions and subscriptions to the Association, which is part of the World Bank Group, are used to lend funds to the poorest developing countries for development purposes, on highly favourable terms (no interest, with a 35 to 40 year maturity and 10 years of grace). Contributions and subscriptions to IDA are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included participation through the issuance of notes payable.

As at March 31, 2009, Canada's total participation in IDA amounted to $8,195,938,061 Cdn.

International Monetary Fund—Poverty Reduction and Growth Facility

This account records the loan to the International Monetary Fund in order to provide assistance to debt distressed, low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

The total loan authority pursuant to the *Bretton Woods and Related Agreements Act* was set at $550 million or such greater amount as may be fixed by the Governor in Council. The Governor in Council subsequently increased the limit to SDR 700 million.

As at March 31, 2009, Canada has lent a total of 700,000,000 SDR to the Poverty Reduction and Growth Facility. Of this amount, 538,605,953 SDR has been repaid. The outstanding balance of 161,394,047 SDR was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR /$1.88573 Cdn). During the year, transactions included repayments and an exchange valuation adjustment.

Canada has also made budgetary contributions towards an interest subsidy amounting to 189,997,586 SDR, which do not appear in Table 9.13.

International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Votes L30 and L30a, *Appropriation Acts No. 2 and No. 3, 2008-2009*).

In certain cases, loans and advances are made using notes payable that are later encashed. During the year, transactions included loans and advances made in cash and through note issuances, encashments of notes issued in previous years and revaluations for foreign currency fluctuations.

Provincial and Territorial Governments

This category records loans to provinces and territories made under relief acts and other legislation.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of these loans is reduced due to their concessionary terms.

Table 9.14 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

TABLE 9.14

PROVINCIAL AND TERRITORIAL GOVERNMENTS

	April 1/2008	Payments and other charges	Receipts and other credits	March 31/2009
	$	$	$	$
NEWFOUNDLAND AND LABRADOR—				
Atlantic Canada Opportunities Agency—				
Loans to enterprises in Newfoundland and Labrador	456,680			456,680
Finance—				
Federal-provincial fiscal arrangements	448,942,534	131,406,660	45,334,658	535,014,536
Municipal Development and Loan Board	315,626			315,626
Winter capital projects fund	2,836,758			2,836,758
	452,094,918	*131,406,660*	*45,334,658*	*538,166,920*
Total Newfoundland and Labrador	452,551,598	131,406,660	45,334,658	538,623,600
NOVA SCOTIA—				
Finance—				
Federal-provincial fiscal arrangements	256,901,352(1)		23,911,074	232,990,278
Total Nova Scotia	256,901,352		23,911,074	232,990,278
PRINCE EDWARD ISLAND—				
Finance—				
Federal-provincial fiscal arrangements	28,966,166(1)		2,411,292	26,554,874
Municipal Development and Loan Board	44,310		44,310	
Winter capital projects fund	63,079			63,079
Total Prince Edward Island	29,073,555		2,455,602	26,617,953
NEW BRUNSWICK—				
Finance—				
Federal-provincial fiscal arrangements	158,916,818		13,291,716	145,625,102
Industry—				
Atlantic Provinces Power Development Act	1,132,095	34,280	476,759	689,616
Total New Brunswick	160,048,913	34,280	13,768,475	146,314,718
QUEBEC—				
Finance—				
Federal-provincial fiscal arrangements	1,719,404,084		91,360,708	1,628,043,376
Total Quebec	1,719,404,084		91,360,708	1,628,043,376

TABLE 9.14

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Concluded*

	April 1/2008	Payments and other charges	Receipts and other credits	March 31/2009
	$	$	$	$
ONTARIO—				
Finance—				
Federal-provincial fiscal arrangements	(196,839,750)	172,624,500		(24,215,250)
Mutual fund capital gain refund overpayments	797,974,569		132,995,761	664,978,808
Total Ontario	601,134,819	172,624,500	132,995,761	640,763,558
MANITOBA—				
Finance—				
Federal-provincial fiscal arrangements	25,435,258	11,830,500	4,697,496	32,568,262
Mutual fund capital gain refund overpayments	54,573,133		9,095,522	45,477,611
Total Manitoba	80,008,391	11,830,500	13,793,018	78,045,873
SASKATCHEWAN—				
Finance—				
Federal-provincial fiscal arrangements	341,690,142		37,667,208	304,022,934
Total Saskatchewan	341,690,142		37,667,208	304,022,934
ALBERTA—				
Finance—				
Federal-provincial fiscal arrangements	362,344,142		323,214,054	39,130,088
Total Alberta	362,344,142		323,214,054	39,130,088
BRITISH COLUMBIA—				
Finance—				
Federal-provincial fiscal arrangements	436,382,042		16,828,104	419,553,938
Total British Columbia	436,382,042		16,828,104	419,553,938
YUKON TERRITORY—				
Finance—				
Federal-provincial fiscal arrangements	(240,750)	414,000		173,250
Total Yukon Territory	(240,750)	414,000		173,250
NORTHWEST TERRITORIES—				
Finance—				
Federal-provincial fiscal arrangements	(6,582,750)	6,206,250		(376,500)
Total Northwest Territories	(6,582,750)	6,206,250		(376,500)
NUNAVUT—				
Finance—				
Federal-provincial fiscal arrangements	(396,750)	343,500		(53,250)
Total Nunavut	(396,750)	343,500		(53,250)
Subtotal	4,432,318,788	322,859,690	701,328,662	4,053,849,816
Less: portion expensed due to concessionary terms	688,631,624	161,598,239		527,033,385
Total	3,743,687,164	484,457,929	701,328,662	3,526,816,431

(1) Amends previous year's *Public Accounts of Canada*.

Loans to enterprises in Newfoundland and Labrador

Loans have been made to provide financing to small and medium-sized businesses in Newfoundland.

These loans originated from the Newfoundland and Labrador Development Corporation Limited, of which Canada owned 40 percent of the shares. In an agreement dated March 29, 1989, the Newfoundland government purchased Canada's shares to effect the withdrawal of the Government of Canada from the Corporation. A condition of the withdrawal was that the Government of Canada accepts these loans as full payment of moneys owing by the Corporation to Canada. These loans are currently being administered by the Atlantic Canada Opportunities Agency.

The remaining loans are deemed unrecoverable and parliamentary authority is being sought to write off the balance.

Federal-provincial fiscal arrangements

These amounts represent underpayments and overpayments in respect of provincial equalization entitlements under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements Act*, and other statutory authority. The underpayments are non-interest bearing and are paid in subsequent years.

Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 percent to 5.375 percent per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments between April 1, 2009 and March 1, 2010.

Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.4 percent to 9.5 percent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity.

Atlantic Provinces Power Development Act

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generators in the provinces, and in the control and transmission of electric energy.

The loans bear interest at rates from 4.5 percent to 8.5 percent per annum, and are repayable in annual instalments, with final instalments due March 1, 2011.

Mutual fund capital gain refund overpayments

These amounts represent overpayments made to provinces under tax collection agreements for tax years 1997 to 1999 stemming from the misclassification of mutual fund trust capital gains refunds. Recoveries are non-interest bearing and will take place over a 10-year period which started in 2004-2005.

Other Loans, Investments and Advances

This group records loans, investments and advances not classified elsewhere.

Table 9.15 presents a summary of the balances and transactions for the various types of other loans, investments and advances.

TABLE 9.15

OTHER LOANS, INVESTMENTS AND ADVANCES

	April 1/2008	Payments and other charges	Receipts and other credits	March 31/2009
	$	$	$	$
Unconditionally repayable contributions—				
Atlantic Canada Opportunities Agency	343,755,094	35,911,903	48,040,041	331,626,956
Economic Development Agency of Canada for the Regions of Quebec	246,339,654	36,660,534	45,263,282	237,736,906
Indian Affairs and Northern Development	1,560,365		1,552,865	7,500
Industry	281,568,327	52,573,609	8,531,736	325,610,200
Natural Resources	39,978,402		37,318,440	2,659,962
Western Economic Diversification	24,120,376		4,421,768	19,698,608
Subtotal	937,322,218	125,146,046	145,128,132	917,340,132
Less: portion expensed due to concessionary terms	38,705,778	37,322,744	22,245,481	23,628,515
Total—Unconditionally repayable contributions	898,616,440	162,468,790	167,373,613	893,711,617
Loans and accountable advances—				
Foreign Affairs and International Trade—				
Missions abroad	26,295,709	173,231,394	160,037,031	39,490,072
Personnel posted abroad	14,483,838	11,577,919	8,008,365	18,053,392
	40,779,547	*184,809,313*	*168,045,396*	*57,543,464*
National Defence—				
Imprest accounts, standing advances and authorized loans	40,387,964	1,447,714,509	1,441,100,247	47,002,226
Other departments—				
Miscellaneous accountable advances	14,055,356	2,304,274		16,359,630
Miscellaneous accountable imprest and standing advances	17,623,024	701,906		18,324,930
	31,678,380	*3,006,180*		*34,684,560*
Total—Loans and accountable advances	112,845,891	1,635,530,002	1,609,145,643	139,230,250
Other—				
Agriculture and Agri-Food—				
Construction of multi-purpose exhibition buildings	52,323			52,323
National Marketing Programs	123,193,982	6,196,986		129,390,968
	123,246,305	*6,196,986*		*129,443,291*
Citizenship and Immigration—				
Immigration loans	34,389,810	11,017,154	11,752,872	33,654,092
Finance— (1)				
Canadian Commercial Bank	43,132,429		880,000	42,252,429
Financial Consumer Agency of Canada— Advances		4,000,000	4,000,000	
	43,132,429	*4,000,000*	*4,880,000*	*42,252,429*

TABLE 9.15

OTHER LOANS, INVESTMENTS AND ADVANCES—*Continued*

	April 1/2008	Payments and other charges	Receipts and other credits	March 31/2009
	$	$	$	$
Fisheries and Oceans—				
Canadian producers of frozen groundfish	128,315			128,315
Haddock fishermen	1,343,337			1,343,337
	1,471,652			*1,471,652*
Foreign Affairs and International Trade—				
Support and development of trade (loans administered by Export Development Canada) (1)	1,890,089,345	681,780,905	219,965,529	2,351,904,721
Human Resources and Skills Development—				
Canada Student Loans Program	10,907,606,615	2,488,668,018	1,531,723,525	11,864,551,108
Provincial workers' compensation boards	13,080,001	5,000		13,085,001
	10,920,686,616	*2,488,673,018*	*1,531,723,525*	*11,877,636,109*
Indian Affairs and Northern Development—				
Aboriginal Business Loan Insurance Program	7,191,713			7,191,713
Council of Yukon First Nations – Elders	7,993,181		697,538	7,295,643
Farm Credit Canada Guarantee Loans Program	123,646			123,646
First Nations in British Columbia	392,264,548	27,653,624		419,918,172
Indian Economic Development Fund	46,427			46,427
Indian Economic Development Guarantee Loans Program	6,254,820	27,587	3,106,447	3,175,960
Inuit Loan Fund	82,836			82,836
Native Claimants	423,504,465	26,118,564	20,713,609	428,909,420
On Reserve Housing Guarantee Loans Program	7,945,498	1,288,632	339,873	8,894,257
Stoney Band Perpetual Loan	389,615			389,615
	845,796,749	*55,088,407*	*24,857,467*	*876,027,689*
Industry—				
Company stock option				
Manufacturing, processing and service industries in Canada	110,000,000			110,000,000
Other Business loans (2)	216,354,348	109,147,764	95,236,738	230,265,374
National Research Council of Canada— H. L. Holmes Fund	4,310,322	109,061		4,419,383
	330,664,670	*109,256,825*	*95,236,738*	*344,684,757*
Natural Resources—				
Hibernia Development Project	9,200,000		9,200,000	
Nordion International Inc.	70,000,000		4,000,000	66,000,000
	79,200,000		*13,200,000*	*66,000,000*
Public Safety and Emergency Preparedness—				
Correctional Service— Parolees	4,638	1,690	3,860	2,468
Public Works and Government Services—				
Seized Property Working Capital Account	16,519,722	41,827,696	39,700,508	18,646,910
Transport—				
Canadian Airport Authorities	24,330,381		24,330,381	
Saint John Harbour Bridge Authority	22,646,108			22,646,108
St. Lawrence Seaway Management Corporation	167,397			167,397
	47,143,886		*24,330,381*	*22,813,505*
Treasury Board—				
Joint Learning Program	982,726	1,588,039	2,006,518	564,247
Veterans Affairs—				
Commonwealth War Graves Commission	61,116		6,831 (3)	54,285
Veterans' Land Act Fund— Advances	16,436		2,558	13,878
	77,552		*9,389*	*68,163*

TABLE 9.15

OTHER LOANS, INVESTMENTS AND ADVANCES—*Concluded*

	April 1/2008	Payments and other charges	Receipts and other credits	March 31/2009
	$	$	$	$
Other departments- Miscellaneous	336,364	143,665	1,411	478,618
Subtotal - Other	14,333,742,464	3,399,074,385	1,967,568,198	15,765,248,651
Less: portion expensed due to concessionary terms [4]	74,528,445	11,976,466		62,551,979
	14,259,214,019	3,411,050,851	1,967,568,198	15,702,696,672
Add: consolidation adjustment [5]	4,124,364,000		459,644,000	3,664,720,000
Total - Other	18,383,578,019	3,411,050,851	2,427,212,198	19,367,416,672
Total	19,395,040,350	5,209,049,643	4,203,731,454	20,400,358,539

(1) The Ontario Financing Authority (OFA) has contributed one-third of the balance of term loan issued by Export Development Canada. The OFA agreement is administered by the Department of Finance, however, has been netted against the loan receivable recorded by Foreign Affairs and International Trade.
(2) Previously Small Business loans.
(3) This amount represents a revaluation adjustment.
(4) In previous years, the portion expensed due to the concessionary terms of certain loans was reported within the allowance for valuation of assets. In the current year, this amount is presented as a reduction to the asset value balances in Table 9.15.
(5) Additional information on consolidated Crown corporations and other entities is also provided in Section 4 of this volume.

Unconditionally repayable contributions

Unconditionally repayable contributions are, in substance loans, and are generally made to businesses pursuant to various Acts of Parliament, with various amounts outstanding.

These loans are aimed at stimulating economic development or for assistance. They bear various interest rates, some of which have concessional terms, and are repayable at various due dates with final instalments due within up to 10 years of initial disbursement.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms.

Missions abroad

Non-interest bearing advances have been made for interim financing of expenses at missions abroad, pending distribution to appropriations of Foreign Affairs and International Trade and other departments and agencies.

The total amount authorized to be outstanding at any time is $50,000,000.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is $22,500,000.

The closing balance consists of loans to employees, $13,280,009; advances for medical expenses, $1,418,245; advances for workmen's compensation, $11,182; security and other deposits under Foreign Service Directives, $1,076,801 and, school and club debentures, $2,267,155.

The loans to employees bear interest at rates from 2.75 percent to 5.0 percent per annum, and are repayable over 1 to 4 years, with final instalments between April 1, 2009 and March 1, 2013.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: *(a)* public funds imprest and public funds advance accounts; *(b)* standing advances; *(c)* authorized loans and advances to employees posted abroad; and, *(d)* authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is $120,000,000, as last amended by National Defence Vote L11b, *Appropriation Act No. 4, 2001-2002*.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is $22,000,000.

Construction of multi-purpose exhibition buildings

The remaining loan has been made to finance the construction of a multi-purpose exhibition building.

The loan is currently in default and will continue to bear interest at a fixed rate of 8.511 percent per annum. The loan is guaranteed by the province; consequently, the province is being contacted to honor the loan guarantee.

National Marketing Programs

Loans made by financial institutions under the *Farm Improvement and Marketing Cooperative Loans Act* and advances made by producer organizations under the *Agricultural Marketing Programs Act* are guaranteed by the Crown. Where the guarantee is honoured, the Crown becomes subrogated to the financial institution's or producer organization's rights to outstanding principal, interest and costs.

Immigration loans

Section 88 of the *Immigration and Refugee Protection Act* authorizes the making of loans for the purpose of the Act.

The total amount authorized to be outstanding at any time is $110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

(a) repayable by monthly instalments over 1 to 7 years, with a possible deferment of 2 years, bearing interest at rates from 1.75 percent to 10.733 percent per annum, with final instalments between April 1, 2009 and April 1, 2016, $33,463,590; and,

(b) repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, non-interest bearing, with final instalments past due, $190,502.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank and the purchase of outstanding debentures from existing holders.

Financial Consumer Agency of Canada—Advances

Interest-bearing advances have been made to defray the cost of operation of the Agency pursuant to Section 13(1) of the *Financial Consumer Agency of Canada Act*.

During the year, the advances were repaid in full.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is $1,650,000.

The loans bore interest at the rate of 8 percent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Support and development of trade

Pursuant to section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where the Corporation has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by the Corporation on behalf of the Government of Canada.

The *Budget Implementation Act, 2009*, amended the *Export Development Act* to expand the mandate of the Corporation for a two-year period to include the support and development of domestic trade, in addition to its traditional mandate related to export trade. During the year, no transactions were entered into in the support and development of domestic trade.

Loan transactions with longer repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 (Section 11 of this volume) present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to non-sovereign entities, together with their terms and conditions of repayments.

		Payments and other charges		Receipts and other credits		
	April 1/2008	Payments or other charges [1]	Revaluation	Receipts or other credits [2]	Revaluation	March 31/2009
	$	$	$	$	$	$
Export Trade						
(a) 1 to 5 year term, 6.0 percent (LIBOR) to 8.5 percent (LIBOR) interest per annum, with final repayment in April 2000 and December 2010:						
Brazil	3,398,910		768,136			4,167,046
Canada		18,991,900			88,900	18,903,000
	3,398,910	*18,991,900*	*768,136*		*88,900*	*23,070,046*
(b) 6 to 10 year term, 8.97 percent to 9.00 percent interest per annum, with final repayment in February 2008:						
Antigua	17,106,802		3,866,048			20,972,850
(c) 11 to 15 year term, 0 percent to 5.89 percent interest per annum, with final repayments between April 2008 and March 2022:						
United States	1,859,753,241		404,529,754	135,121,436		2,129,161,559
(d) 16 to 20 year term, 0 percent interest per annum, with final repayments between June 2012 and November 2014:						
Spain	19,524,563		533,480	775,657		19,282,386
Thailand	2,266,519		440,927	546,203		2,161,243
	21,791,082		*974,407*	*1,321,860*		*21,443,629*
(e) Term loan, interest based on the Canadian Dealer Offered Rate plus 3 percent, repayable no later than March 30, 2012:						
Canada		250,000,000				250,000,000
Less: portion to be remitted to the Ontario Financing Authority [3]				83,333,333		(83,333,333)
		250,000,000		*83,333,333*		*166,666,667*
Subtotal	1,902,050,035	268,991,900	410,138,345	219,776,629	88,900	2,361,314,751
Less: portion expensed due to concessionary terms	11,960,690	2,150,660				9,810,030
Total – Export Trade	1,890,089,345	271,142,560	410,138,345	219,776,629	88,900	2,351,504,721

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

[1] Payments or other charges may include transactions such as loans, adjustments, etc.

[2] Receipts or other credits may include transactions such as repayments, forgiveness, etc.

[3] Pursuant to an agreement with the Ontario Financing Authority (OFA), the OFA contributes one-third of the balance of the term loan issued. As interest and principal are received on the term loan, one-third is remitted to the OFA. This agreement is administered by the Department of Finance.

Canada Student Loans Program

Direct loans to students

Loans issued on or after August 1, 2000 are operated under the authority of section 6.1 of the *Canada Student Financial Assistance Act*, which authorizes the Minister of Human Resources and Skills Development to enter into loan agreements directly with any qualifying student. Agreements are subject to the terms and conditions approved by the Governor in Council, on the recommendation of the Minister of Human Resources and Skills Development with the concurrence of the Minister of Finance.

The total amount of loans outstanding may not exceed fifteen billion dollars, except as otherwise provided by an Appropriation Act or other Act of Parliament.

The total amount of loans outstanding as at March 31, 2009 amounts to $11,518,377,204 ($10,530,466,255 as at March 31, 2008).

During the year, no loans have been written-off.

Guaranteed and risk-shared student loans

Loans issued prior to August 1, 2000 include loans outstanding which are amounts related to student loans subrogated to the Crown under the *Canada Student Loans Act* and under the *Canada Student Financial Assistance Act*. The total amount of loans outstanding as at March 31, 2009 amounts to $346,173,904 ($377,140,360 as at March 31, 2008).

Provincial workers' compensation boards

This account is operated under the authority of subsection 4(6) of the *Government Employees Compensation Act*, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

Aboriginal Business Loan Insurance Program

On December 1, 2006, Aboriginal Business Canada, including the Aboriginal Business Loan Insurance Program, formerly a program of Industry Canada, was transferred to the Department of Indian Affairs and Northern Development.

The Aboriginal Business Loan Insurance Program was established under the *Department of Industry, Science and Technology Act*, section 9 and paragraph 15 (1)(b), and Orders in Council PC 1990-370 and PC 1990-371, and amended under the *Department of Industry Act (1995)*, Part IV, paragraph 14 (1)(b).

Non-interest bearing loans have been made to Aboriginal Canadians to increase their commercial enterprise activity as a major step towards enhancing their economic self-reliance, by providing financial and advisory assistance at various stages and for several aspects of enterprise development.

Council of Yukon First Nations—Elders

Loans have been made to the Council of Yukon First Nations, to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indian land claims.

During the year, loans were authorized by Indian Affairs and Northern Development Votes L30, L30b and L30c, *Appropriation Acts No. 2, No. 4 and No. 5, 2008-2009*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

(b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,

(c) loans are due and payable, as to principal and interest, on the date on which the claim is settled or on a date fixed in the agreement, which shall be not later than March 31, 2009, whichever date is earlier.

All the loans outstanding at year end bear interest at rates from 2.28 percent to 3.61 percent per annum.

Farm Credit Canada Guarantee Loans Program

The Farm Credit Canada guarantee loans program was discontinued as of November 14, 1989. The last active loan guarantee has expired and no future loan guarantees will be given under this program.

As of March 31, 2009, the outstanding amount represents the remaining defaulted loans reimbursed to the lenders by the Minister. These loans are deemed unrecoverable and the balance will be written off in future years.

First Nations in British Columbia

Loans have been made to First Nations in British Columbia, to support their participation in the British Columbia Treaty Commission process related to the research, development and negotiation of treaties.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L35, *Appropriation Act No.2, 2008-2009*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a treaty is reached are non-interest bearing;

(b) loans made before April 1, 2004 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations;

(c) loans made between April 1, 2004 and March 31, 2009 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, shall be interest free, unless the loans become due and payable during this period; and,

(d) loans are due and payable by the First Nations and will pay the loan on the earliest of the following dates:

  i. date on which the treaty is settled;

  ii. twelfth anniversary of the first loan advance to the First Nations under the earliest First Nations' funding agreement;

  iii. seventh anniversary after the signing of an agreement-in-principal, or;

  iv. date the federal minister demands payment of the loans due to an event of default under this agreement or under any First Nations' funding agreement.

The interest-bearing and non-interest bearing portions of the loans outstanding at year end are $54,544,948 and $365,373,224 respectively. Rates are from 2.1315 percent to 5.185 percent per annum for the interest-bearing portion.

Indian Economic Development Fund

Loans have been made for the purposes of economic development of Indians, to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is $48,550,835, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 1996-97*.

All outstanding loans bear interest at rates from 7 percent to 11.25 percent per annum.

Indian Economic Development Guarantee Loans Program

The Indian Economic Development Guarantee authority, established under Vote L53(b), *Appropriation Act No. , 1970*, amended under P.C. 1977-3608, authorized the department to guarantee loans for Indian businesses on a risk-sharing basis with commercial lenders. The guarantee level is not to exceed at any time $60,000,000, less the total amount of payments made to implement previous guarantees under that authority.

Simple interest, usually based on a percentage plus the prime rate, will accrue on the debt after payout. All payments, including accrued interest, remain as a debt of the client until recovered in full.

Inuit Loan Fund

Loans have been made to individual Inuit or groups of Inuit, to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Inuit, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Inuit.

The total amount authorized to be outstanding at any time is $6,633,697, as last amended by Indian Affairs and Northern Development Vote 37b, *Appropriation Act No. 4, 1995-96*.

The remaining loan bears interest at a rate of 5.50 percent per annum.

Native Claimants

Loans have been made to native claimants, to defray the costs related to the research, development and negotiation of claims.

During the year, loans were authorized by Indian Affairs and Northern Development Votes L30, L30b and L30c, *Appropriation Acts No. 2, No. 4 and No. 5, 2008-2009*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

(b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,

(c) loans are due and payable as to principal and interest on the date on which the claim is settled, or on a date fixed in the agreement.

The interest bearing and the non-interest bearing portions of the loans outstanding at year end are $118,684,982 and $310,224,438 respectively. Rates are from 2.13 percent to 11.89 percent per annum for the interest-bearing portion.

On Reserve Housing Guarantee Loans Program

On Reserve Housing guarantees provide needed support to Indian or Indian bands residing on reserves or crown land. Reserves are, as such, non-mortgageable and the ministerial guarantee provides security to the lending institution in the event of a default by the client.

The total amount authorized to be outstanding at any time is $1.7 billion, as last amended by Indian Affairs and Northern Development Vote 5, *Appropriation Act No. 3, 1972*, Indian Affairs and Northern Development Vote 5d, *Appropriation Act No. 1, 1977* and Indian Affairs and Northern Development Vote 6b, *Appropriation Act No. 3, 1993-94*.

If a loan made under the Minister's guarantee goes into default, the lender has recourse to the Minister for reimbursement. In 1987, a reserve for losses of $2 million per annum was established within the department's reference levels to cover all Guarantee Loan Programs administered by Indian Affairs and Northern Development. Such payments remain a debt of the First Nation to the Crown and interest is accrued and capitalized on these debts at the contract interest rate applicable at the time the loan was assigned to the Minister. Recovery of the debt is made to the extent possible, from the security used as collateral, such as trust money or land claim funds, or through repayment agreements.

Stoney Band Perpetual Loan

In 1946, loans were made to Stoney Band of Alberta for land acquisition beyond their treaty entitlement.

A loan not exceeding $500,000 was made to purchase additional land. Under the terms of the agreement, as stated in Treasury Board Minutes, P.C. 2/1437 dated April 11, 1946, the Band assigned monies accruing to them, from the rental of their water resources to provide interest payments at the rate of 3 percent annually on the amount of the loan that had actually been expended. In the same agreement, the Band resolved that the Department allots $200,000 to the Pekisko Group, and $300,000 for the additions to Morley Reserve.

Company stock option

Pursuant to section 14 of the *Department of Industry Act*, and authorized by Industry Vote L15, *Appropriation Act No. 2, 2008-2009*, this account establishes authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council,

(a) to take, purchase, exercise, assign or sell, on behalf of Her Majesty in Right of Canada, a stock option in a company in connection with the provision of a loan, insurance of a loan, or contribution made to the company by Her Majesty under a program authorized by the Governor in Council where, in the opinion of the Minister,

   i. it is necessary to take, purchase, exercise, assign or sell the stock option in order to permit Her Majesty in Right of Canada to benefit from the purchase; or

   ii. it is necessary to take, purchase, exercise, assign or sell, the stock option in order to protect the Crown's interest in respect of a loan made or insured, or contribution made; and

(b) to authorize the sale or other disposition of any capital stock acquired.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

Loans can be authorized by Industry Vote L20, *Appropriation Act No. 2*.

There is one remaining loan which is interest free unless it goes into default, and otherwise is repayable at maturity on April 1, 2017.

Other Business loans

This account records money owed to the Government by borrowers upon default of loans that are subject to statutory authorities, pursuant to the *Small Business Loans Act* (SBLA), the *Canada Small Business Financing Act* (CSBFA), the capital leasing pilot project and the *Department of Industry Act*. These authorities provide for the payment of claims or the sharing of loan losses between lenders and the Government.

H. L. Holmes Fund

This account was established pursuant to paragraph 5(1)(f) of the *National Research Council Act* to record the residue of the estate of H. L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H. L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Hibernia Development Project

Loans have been made to facilitate the implementation of the Hibernia Development Project pursuant to section 14 of the *Department of Industry Act*.

Loan agreements were signed between Canada and each of the three companies involved in the 1993 purchase of Gulf Canada's Hibernia share. Loans of $132 million were provided to owners to assist in offsetting the tax consequences of not being able to use the deductions generated by the Hibernia Development Project in the calculation of the companies' taxable income.

Loans in the amount of $66 million were made on June 30, 1995 as authorized by Natural Resources Vote L15, *Appropriation Acts No. 1 and No. 2, 1995-96*. The remaining $66 million was loaned on July 2, 1996.

Loans are interest-free and are repayable in 10 equal annual instalments commencing June 30, 1999, with the final instalment on June 30, 2008.

During the year, the loans were repaid and the account was closed.

Nordion International Inc.

A $100 million loan has been made to Nordion International Inc. for the construction of two nuclear reactors and related processing facilities to be used in the production of medical isotopes pursuant to an agreement reached on June 28, 1996 between MDS Health Group Ltd., Nordion International Inc. and Natural Resources Canada.

The secured loan is interest-free and fully repayable over 15 years commencing 42 months after the first loan drawdown was made.

Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is $50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

During the year, loans totalling $1,586 were forgiven pursuant to Solicitor General Vote L103b, *Appropriation Act No. 1, 1969*.

Seized Property Working Capital Account

This account was established by section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to Her Majesty, are charged to this account. This account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds of their disposal are received and credited with seized cash upon forfeiture.

The total amount authorized to be outstanding at any time is $50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

Canadian Airport Authorities

The loans stem from agreements regarding the transfer of chattels and consumable stock to individual authorities (13) upon transfer of the management, operation and maintenance responsibilities to the authority under the National Airports Policy.

The loans portfolio consists of thirteen non-interest bearing loans to Canadian Airport Authorities issued in the years 1997-2003. Due to a change in policy practices, a decision was made to write-off the remaining repayments owed and the write-off of these has been done in 2008-2009 under Treasury Board approval for an amount of 20.6 million.

During the year, the account was closed.

Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year.

On April 1, 1990, a new agreement was signed. This agreement called for the consolidation of all debts into one non-interest bearing loan. The Authority will remit excess funds from the operation of the bridge to the Government on an annual basis to repay the debt.

St. Lawrence Seaway Management Corporation

This account was established by subsection 80(1) of the *Canada Marine Act*. Loans previously managed by the St. Lawrence Seaway Authority are now managed by the St. Lawrence Seaway Management Corporation in accordance with an agreement between the Department of Transport and the Corporation. The repayments of these loans are recorded in this account.

The remaining loan bears interest at rates from 7 percent to 9.5 percent per annum, and is repayable at monthly rates, with the final instalment of the existing terms being March 2010.

Joint Learning Program

Advances have been made to the Public Service Alliance of Canada (PSAC) for the Joint Learning Program (JLP). In October 2004, a Memorandum of Understanding between the Treasury Board and PSAC was included in the collective bargaining agreements to provide funding for a JLP. The JLP is a partnership between PSAC and the Public Service Human Resources Management Agency of Canada (PSHRMAC). It is intended to provide joint union-management learning opportunities in areas where both parties have roles and responsibilities, and for which the Employer does not already have a legal obligation to provide training.

Payments are made to PSAC under Vote 20 and are authorized under the terms of reference of the Program. The terms of reference include the program costs, funding conditions, payment conditions, timelines, as well as a schedule of payments. The schedule of payments provides for a 2-month advance from TBS to PSAC to provide for program delivery costs. When actual expenses are reported every two months, the advance is reversed and the expenditure is recorded.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

Veterans' Land Act Fund

Advances

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is $605,000,000.

Allowance for conditional benefits

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to expenses and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Other departments—Miscellaneous

This account represents amounts outstanding in the hands of agencies and individuals, at year end. This group records loans, investments and advances not classified elsewhere.

Consolidation adjustment

The consolidation adjustment reflects the total loans, investments and advances held by Crown corporations and other consolidated entities. These mainly include investments such as bonds, money market funds and fixed income securities.

Allowance for Valuation

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

SECTION 10

2008-2009

PUBLIC ACCOUNTS OF CANADA

Non-Financial Assets

CONTENTS

Page

Non-financial assets 10.2
Tangible capital assets 10.4
Vehicles 10.6
Assets under capital leases 10.6

NON-FINANCIAL ASSETS

Non-financial assets are assets that have an economic life that extends beyond the accounting period and that are intended for consumption in the normal course of operations. They are converted into expense in future periods and include tangible capital assets, inventories, and prepaid expenses.

Tangible capital assets consist of acquired, built, developed or improved tangible assets, which are intended to be used on a continuous basis and are not intended for sale in the ordinary course of business. For financial reporting purposes, tangible capital assets are grouped in the following categories: land, buildings, works and infrastructure, machinery and equipment, vehicles, leasehold improvements, assets under construction, and assets under capital leases.

Inventories are items of tangible property that are to be used in the delivery of program outputs. Some revolving funds and a few departments may have inventories held for resale to parties outside the Government.

Prepaid expenses are disbursements made, pursuant to a contract, before the completion of the work, delivery of the goods or rendering of the service or advance payments under the terms of contribution agreements.

Table 10.1 presents the non-financial assets by category.

TABLE 10.1

NON-FINANCIAL ASSETS BY CATEGORY

(in thousands of dollars)

	March 31/2009	March 31/2008
Net tangible capital assets, Table 10.2		
Land	1,409,985	1,369,900
Buildings	9,384,752	8,965,660
Works and infrastructure	4,743,539	4,859,472
Machinery and equipment	9,217,045	9,170,501
Vehicles, Table 10.3	14,078,560	13,892,467
Leasehold improvements	784,909	806,081
Assets under construction	10,275,122	8,799,033
Assets under capital leases, Table 10.4	3,432,529	3,311,841
	53,326,441	*51,174,955*
Inventories	6,347,774	6,248,072
Prepaid expenses	1,829,190	1,220,720
Total	61,503,405	58,643,747

CHART 10A

NON-FINANCIAL ASSETS BY CATEGORY AT MARCH 31, 2009

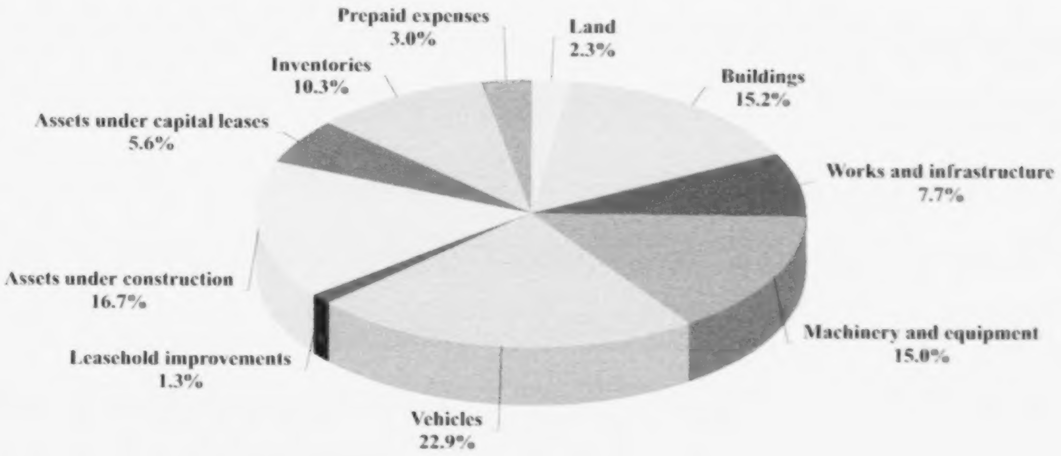
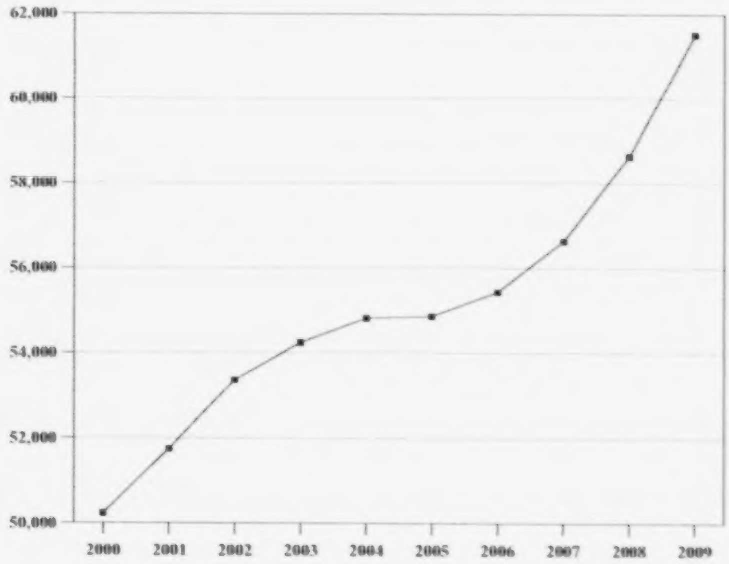


CHART 10B

NON-FINANCIAL ASSETS AT MARCH 31, 2009

(in millions of dollars)



Tangible Capital Assets

Table 10.2 presents tangible capital assets by main custodian ministries.

TABLE 10.2

TANGIBLE CAPITAL ASSETS BY MAIN CUSTODIAN MINISTRIES

(in thousands of dollars)

	Land	Buildings	Works and infrastructure	Machinery and equipment
Capital assets at cost				
Environment	184,035	857,321	2,349,930	761,935
Fisheries and Oceans	20,365	507,948	1,931,293	456,463
Foreign Affairs and International Trade	224,374	1,147,591	1,451	154,934
Industry	11,414	803,611	27,046	2,858,334
National Defence	85,730	6,547,941	1,834,455	13,545,415
Public Safety and Emergency Preparedness	63,663	2,655,749	489,454	1,084,344
Public Works and Government Services	222,362	3,478,990	871,684	252,471
Transport	225,034	992,580	2,765,575	237,390
Other ministries	27,508	1,306,261	70,403	2,579,998
	1,064,485	*18,297,992*	*10,341,291*	*21,931,284*
Consolidated Crown corporations and other entities	345,500	1,769,471	1,099,077	2,833,211
Gross total capital assets	1,409,985	20,067,463	11,440,368	24,764,495
Accumulated amortization				
Environment		575,826	1,577,521	554,247
Fisheries and Oceans		327,438	1,034,610	343,151
Foreign Affairs and International Trade		576,781	85	120,070
Industry		445,991	18,241	1,746,430
National Defence		2,787,859	1,073,507	8,172,883
Public Safety and Emergency Preparedness		1,172,353	299,797	648,286
Public Works and Government Services		2,271,718	381,855	198,187
Transport		632,626	1,664,192	150,207
Other ministries		845,378	29,233	1,680,095
		9,635,970	*6,079,041*	*13,613,556*
Consolidated Crown corporations and other entities		1,046,741	617,788	1,933,894
Total accumulated amortization		10,682,711	6,696,829	15,547,450
Total net capital assets				
Environment	184,035	281,495	772,409	207,688
Fisheries and Oceans	20,365	180,510	896,683	113,312
Foreign Affairs and International Trade	224,374	570,810	1,366	34,864
Industry	11,414	357,620	8,805	1,111,904
National Defence	85,730	3,760,082	760,948	5,372,532
Public Safety and Emergency Preparedness	63,663	1,483,396	189,657	436,058
Public Works and Government Services	222,362	1,207,272	489,829	54,284
Transport	225,034	359,954	1,101,383	87,183
Other ministries	27,508	460,883	41,170	899,903
	1,064,485	*8,662,022*	*4,262,250*	*8,317,728*
Consolidated Crown corporations and other entities	345,500	722,730	481,289	899,317
Total net capital assets	1,409,985	9,384,752	4,743,539	9,217,045

(1) Details can be found in Table 10.3.
(2) Details can be found in Table 10.4.

Vehicles[1]	Leasehold improvements	Assets under construction	Assets under capital leases[2]	Total March 31/2009	Total March 31/2008
145,317	36,376	329,554	18,199	4,682,667	4,533,068
1,752,177	544,450	361,872	525	5,575,093	5,451,580
131,867	176,684	160,866		1,997,767	1,905,510
28,655	53,016	234,521	65,145	4,081,742	3,965,001
30,334,350	21,513	6,176,006	1,379,706	59,925,116	55,339,755
610,166	48,635	565,299		5,517,310	5,112,446
9,637	436,452	1,097,984	2,172,774	8,542,354	8,075,663
738,494	17,322	108,920	818,883	5,904,198	6,008,465
148,759	335,224	675,605	29,116	5,172,874	4,905,832
33,899,422	*1,669,672*	*9,710,627*	*4,484,348*	*101,399,121*	*95,297,320*
1,228,332	265,120	564,495	546,495	8,651,701	8,232,286
35,127,754	1,934,792	10,275,122	5,030,843	110,050,822	103,529,606
102,762	22,453		5,095	2,837,904	2,733,738
1,259,947	347,880		237	3,313,263	3,185,285
29,282	90,351			816,569	733,703
21,291	18,976		11,371	2,262,300	2,101,123
17,795,002	10,300		394,046	30,233,597	27,387,939
310,749	14,847			2,446,032	2,238,904
5,499	241,191		823,418	3,921,868	3,507,696
533,690	9,834		96,894	3,087,443	3,063,751
95,775	237,868		9,210	2,897,559	2,757,693
20,153,997	*993,700*		*1,340,271*	*51,816,535*	*47,709,832*
895,197	156,183		258,043	4,907,846	4,644,819
21,049,194	1,149,883		1,598,314	56,724,381	52,354,651
42,555	13,923	329,554	13,104	1,844,763	1,799,330
492,230	196,570	361,872	288	2,261,830	2,266,295
102,585	86,333	160,866		1,181,198	1,171,807
7,364	34,040	234,521	53,774	1,819,442	1,863,878
12,539,348	11,213	6,176,006	985,660	29,691,519	27,951,816
299,417	33,788	565,299		3,071,278	2,873,542
4,138	195,261	1,097,984	1,349,356	4,620,486	4,567,967
204,804	7,488	108,920	721,989	2,816,755	2,944,714
52,984	97,356	675,605	19,906	2,275,315	2,148,139
13,745,425	*675,972*	*9,710,627*	*3,144,077*	*49,582,586*	*47,587,488*
333,135	108,937	564,495	288,452	3,743,855	3,587,467
14,078,560	784,909	10,275,122	3,432,529	53,326,441	51,174,955

Vehicles

Table 10.3 presents the details of vehicles by sub-category.

TABLE 10.3

VEHICLES BY SUB-CATEGORY

(in thousands of dollars)

	Cost	Accumulated amortization	March 31/2009	March 31/2008
Ships and boats	15,506,049	8,422,734	7,083,315	7,349,791
Aircraft	15,086,355	9,681,576	5,404,779	4,923,992
Motor vehicles	1,910,811	1,173,948	736,863	736,457
Military vehicles	1,536,405	1,051,865	484,540	447,448
Other vehicles	1,088,134	719,071	369,063	394,779
Total	35,127,754	21,049,194	14,078,560	13,852,467

Assets under Capital Leases

Table 10.4 presents the details of assets under capital leases by main category.

TABLE 10.4

ASSETS UNDER CAPITAL LEASES BY MAIN CATEGORY

(in thousands of dollars)

	Cost	Accumulated amortization	March 31/2009	March 31/2008
Land	44,942		44,942	44,942
Buildings	2,891,328	1,130,573	1,760,755	1,804,768
Works and infrastructure	818,820	96,894	721,926	750,115
Machinery and equipment	42,107	13,111	28,996	26,758
Vehicles	1,233,646	357,736	875,910	705,258
Total	5,030,843	1,598,314	3,432,529	3,331,841

SECTION 11

2008-2009

PUBLIC ACCOUNTS OF CANADA

Contractual Obligations and Contingent Liabilities

CONTENTS

Page

Contractual obligations 11.2
Contingent liabilities 11.22

CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

This section contains detailed information related to contractual obligations and contingent liabilities.

Contractual Obligations

The nature of Government activities result in multi-year contracts and agreements, including various international treaties and protocols. Contractual obligations are financial obligations of the Government to others that will become liabilities when the terms of those contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. In the case of contractual obligations to international organizations, some will result in future budgetary expenses while others will result in non-budgetary payments.

Contractual obligations can be classified into four main categories: transfer payment agreements (grants and contributions), fixed assets and purchases, operating leases and international organizations.

All outstanding contractual obligations of $10 million or more per project at year end are reported for fixed assets, purchases, operating leases and transfer payment agreements. For international organizations, all contractual obligations in excess of $1 million at year end are reported.

In accordance with the Government's significant accounting policies, the contractual obligations of consolidated Crown corporations are included with those of the Government.

Table 11.1 summarizes these contractual obligations. Details of the four types of contractual obligations can be found in other tables in this section.

TABLE 11.1

CONTRACTUAL OBLIGATIONS

(in millions of dollars)

	Transfer payments	Acquisition of property and purchases	Operating leases	International organizations	Total
Information from:					
Transfer payment agreements, fixed assets, purchases and operating leases, Table 11.3	56,533	21,537	3,010		81,080
International contractual obligations, Table 11.4				3,653	3,653
Total	56,533	21,537	3,010	3,653	84,733

Table 11.2 summarizes the information presented in Table 11.1 to indicate the minimum amounts required to satisfy obligations under contractual obligations each year from 2010 to 2014 inclusive, and a total for amounts due in the year 2015 and subsequently.

TABLE 11.2

SCHEDULE OF MINIMUM PAYMENTS

(in millions of dollars)

Minimum payments to be made in:	Transfer payment agreements	Acquisition of fixed assets and purchases	Obligations under operating lease arrangements	Obligations to international organizations	Total
2010	10,919	5,391	371	1,328	18,009
2011	8,152	3,836	344	585	12,917
2012	6,848	2,042	334	54	9,278
2013	6,252	1,554	298	51	8,155
2014	5,318	1,314	261	51	6,944
2015 and subsequently	19,044	7,400	1,402	1,584	29,430
Total	56,533	21,537	3,010	3,653	84,733

Transfer Payment Agreements, Fixed Assets, Purchases and Operating Leases

Table 11.3 provides details of contractual obligations that involve: transfer payment agreements, fixed assets, purchases and operating leases. It discloses individual contractual obligations by category and by entity. Contractual obligations are summarized in Note 14 to the financial statements in Section 2 of this volume.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

Fixed assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchases are supported by contracts to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee.

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2010	2011	2012	2013	2014	2015 and subsequently
Transfer payment agreements—										
Agriculture and Agri-Food—										
Grant—										
Canadian Cattleman's Association										
Beef Market Development Legacy Fund	50	50	19	31	10	10	10	1		
Contribution—										
Suncor Energy Products Inc										
EcoAgriculture Biofuels Capital Initiative	25	25		25		25				
Canadian Heritage—										
Contributions—										
Canada Post Corporation										
Publication Assistance Program	45	45		45	45					
Halifax 2011 Canada Games										
Host Society	11	11	1	10	4	6				
National Association of Friendship Centres										
Aboriginal People's Program	112	112	85	27	27					
Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games										
Opening ceremonies	20	20	3	17	17					
Games Hosting Program	56	56	30	26	26					
Citizenship and Immigration—										
Canada-British Columbia Agreement	787	787	112	675	135	135	135	135	135	
Canada-Manitoba Agreement	193	193	23	170	34	34	34	34	34	
Canada-Quebec Agreement	1,476	1,476	226	1,250	234	254	254	254	254	
Economic Development Agency of Canada for the Regions of Quebec—										
Community Diversification Program	256	256	143	113	66	32	14	1		
Community Futures Program	413	413	373	40	38	2				
Government of Quebec										
Infrastructure Canada Program	509	509	484	25	24	1				
Montréal International										
Business and regional growth program	49	49	22	27	4	2	2	2	2	15
Other contributions										
Business and regional growth program	255	255	154	101	68	25	8			

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2010	2011	2012	2013	2014	2015 and subsequently
Foreign Affairs and International Trade—										
Department—										
International Centre for Human Rights and Democratic Development	19	19	5	14	5	5	4			
L'Organisation internationale de la Francophonie	14	14	4	10	10					
Surface Combustion Inc	41	41	5	36	24	12				
The Russian Federal State Unitary Enterprise Far Eastern Plant, Zvezda	14	14	2	12	10	2				
Canadian International Development Agency—										
Canadians	17	17	2	15	3	3	3	2	2	2
Development Partners	1,830	1,830	776	1,054	364	300	188	121	22	59
Institutions	1,364	1,364	643	721	393	255	40	22	10	1
Selected countries and regions	865	865	514	351	137	80	56	26	21	31
States and countries experiencing humanitarian crisis	714	714	281	433	187	159	71	13	3	
Health—										
Department—										
Canadian Agency for Drugs and Technologies in Health	85	85	17	68	17	17	17	17		
Canadian Council for Donation and Transplantation	18	18	4	14	3	4	3	4		
Canadian Institute for Health Information	356	356	111	245	82	81	82			
Canadian Partnership Against Cancer Corporation	240	240	77	163	58	55	50			
Canadian Patient Safety Institute	40	40	8	32	8	8	8	8		
First Nations and Inuit Health Services Transfer	382	382	133	249	98	80	37	9	5	20
Health Council of Canada	35	35	25	10	10					
Medical Travel Fund	51	51	41	10	10					
Mental Health Commission of Canada	125	125	8	117	12	15	15	15	15	45
Territorial Health Access Fund	65	65	52	13	13					
Public Health Agency of Canada—										
ID Biomedical Corporation Pandemic Influenza Virus Vaccine	67	67	36	31	26	5				
Hepatitis C										
Government of Alberta	31	31	21	10	5					5
Government of British Columbia	66	66	44	22	11					11
Government of Ontario	132	132	88	44	22					22
Government of Quebec	45	45	30	15	8					7
Human Resources and Skills Development—										
Canada Mortgage and Housing Corporation (Government account)—										
Social Housing Program	61,209(1)	61,209	35,531	25,678(1)	1,786	1,714	1,693	1,685	1,673	17,127
Indian Affairs and Northern Development—										
Agreements—										
Canada First Nations Funding	2,083	2,083	1,392	691	361	159	90	81		
Comprehensive Funding Arrangement	370	370	73	297	277	20				
Comprehensive Land Claims	3,339	3,339	979	2,360	334	289	294	289	289	865
Contribution Agreements	110	72	52	20	5	5	5	5		
DIAND/First Nations Funding	1,525	1,525	845	680	290	187	113	90		

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2010	2011	2012	2013	2014	2015 and subse- quently
Financial Transfer	793	793	520	273	156	75	21	21		
Grant Agreement	164	164	130	34	34					
Indian and Inuit Affairs Program	516	516	282	234	91	74	35	34		
Industry—										
Department—										
Bell Helicopter Textron Canada Ltd										
Modular affordable product line	115	115	56	59	12	8	9	6	7	17
Bombardier Aerospace										
Research and development for the CSeries	350	350	40	310	59	67	70	67	47	
Bristol Aerospace Limited										
Research and development for manufacturing F-35 JS	43	43		43	7	11	12	7	6	
CAE Inc										
Simulation technologies	439	439	155	284	50	55	54	59	66	
Canada Foundation for Innovation										
Modernize research infrastructure	590	590	104	486	129	153	102	102		
Canadian Institute for Advanced Research	25	25	10	15	5	5	5			
Cascade Data Services Inc										
Transmission of large packages of data files	77	77	45	32	4	4	4	11	6	3
CMC Electronic Inc										
Integrated cockpit and communication system	52	52	13	39	10	11	11	7		
Corporation of the city of Brantford										
Brownsfield redevelopment project	12	12		12	8	3	1			
Dupont Canada Inc										
Flow field plates	19	19	9	10	10					
Ford Motor Company of Canada Ltd										
Renaissance Project	80	80	9	71	28	18	13	12		
General Motors of Canada Ltd										
Beacon Project	200	200	189	11	11					
Heroux Devtek Inc										
New landing gear	27	27	7	20	8	7	4	1		
International Telecommunication Union	27	27	12	15	7	7	1			
Pratt & Whitney Canada Corporation										
Gas turbine engine research program	350	350	247	103	59	26	18			
Canadian Space Agency—										
Earth Observation, Exploration and Telecommunications Programs	200	200	70	130	23	21	19	15	12	40
European Space Agency	219	219	204	15	9	3	1	2		
National Research Council of Canada—										
Canada-France-Hawaii Telescope Corporation										
Partnership to operate a jointly owned optical telescope	111	111	93	18	4	4	4	4	2	
Gemini Twin Telescope Project										
Collaboration to build and operate 8-meter telescopes	106	106	84	22	7	6	6	3		
Tri University Mezzon Facility	566	566	522	44	44					
Justice—										
Care and services provided to young persons dealt with under the *Young Offenders Act*										
Government of Alberta	85	85	51	34	17	17				
Government of British Columbia	111	111	67	44	22	22				
Government of Manitoba	32	32	19	13	7	6				
Government of Newfoundland	25	25	15	10	5	5				

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2010	2011	2012	2013	2014	2015 and subse-quently
Government of Nova Scotia	31	31	19	12	6	6				
Government of Ontario	319	319	191	128	64	64				
Government of Quebec	183	183	110	73	37	36				
Government of Saskatchewan	37	37	22	15	8	7				
Ontario Ministry of Attorney General										
Provide a procedure for the prosecution of contraventions in the criminal code	14	14	3	11	3	3	3	2		
Natural Resources										
1700097 Ontario Limited	36	36		36	3	8	6	6	5	8
Abitibi-Consolidated Company of Canada	24	24		24	2	2	2	3	3	12
Ashlu Creek Investments Limited Partnership	26	26		26	1	2	2	3	3	15
Bear Mountain Wind Limited Partnership	21	21		21	1	2	2	2	2	12
Biox Canada Limited	70	70	10	60	13	13	10	9	8	7
Brilliant Expansion Power Corporation	47	47	7	40	4	4	5	5	5	17
Brookfield Power Wind Prince LP	53	53	10	43	5	5	5	5	6	17
Canada Foundation for Sustainable Development Technology										
Funding for investment with the private sector to establish large scale demonstration facilities for the production of the next-generation biofuels and co-products	250	250	33	217	20	58	45	44	25	25
Canadian Hydro Developers Inc (1 of 2)	19	19	6	13	2	2	2	2	2	3
Canadian Hydro Developers Inc (2 of 2)	35	35	1	34	3	3	4	4	4	16
Canadian Renewable Energy Corporation	59	59		59	6	6	6	6	6	29
Cartier Énergie Éolienne Inc (1 of 3)	30	30	4	26	3	3	3	3	3	11
Cartier Énergie Éolienne Inc (2 of 3)	31	31	6	25	3	3	3	3	3	10
Cartier Énergie Éolienne Inc (3 of 3)	34	34	1	33	3	3	3	4	4	16
Collingwood Ethanol LP	30	30	3	27	6	6	5	4	3	3
Enbridge Ontario Wind Power LP	48	48		48	5	5	5	5	5	23
Énergie Éolienne du Mont Copper Inc	17	17	5	12	1	2	2	2	2	3
Énergie Éolienne du Mont Miller Société en commandite	20	20	6	14	2	2	2	2	2	4
ENMAX Green Power Inc	24	24	4	20	3	3	2	2	2	8
Erie Shores Wind Farm LP	25	25	7	18	2	2	3	3	3	5
Greenfield Ethanol Inc – Tiverton	12	12		12	3	2	2	2	2	1
Greenfield Ethanol Inc – Chatham	69	69	9	60	13	13	10	9	8	7
Greenfield Ethanol of Quebec	77	77	11	66	15	14	12	10	8	7
Greenfield Johnstown Limited	106	106	6	100	21	21	17	15	12	14
GW Power Corporation	25	25	6	19	2	2	3	3	3	6
Government of Saskatchewan										
Gunnar and Lorado agreement	12	12	1	11			3	1	2	5
Harrison Hydro Limited Partnership (1 of 2)	35	35		35	2	3	3	4	4	19
Harrison Hydro Limited Partnership (2 of 2)	25	25		25	1	2	2	2	3	15
Husky Oil Limited – Lloydminster	67	67	7	60	13	13	10	9	8	7
Husky Oil Limited – Minnedosa	69	69	10	59	13	13	10	9	8	6
IGPC Ethanol Inc	85	85	7	78	16	16	13	11	10	12
Kettles Hill Wind Energy Inc	17	17	3	14	1	2	2	2	2	5
Kruger Energy Port Alma LP	31	31	1	30	3	3	3	3	3	15
Magpie Limited Partnership	18	18	3	15	1	2	2	2	2	6
Maple Leaf Foods Inc	39	39	7	32	7	7	6	5	4	3
Noramera Bioenergy Corporation	12	12	1	11	3	2	2	2	1	1
North West Terminal Ltd	13	13		13	2	3	2	2	2	2
Permolex Ltd	22	22	3	19	4	4	3	3	3	2
RMSEnergy Dalhousie Mountain LP	16	16		16	1	1	2	2	2	8

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2010	2011	2012	2013	2014	2015 and subsequently
Saint-Ulric Saint-Léandre Wind LP	37	37		37	1	3	4	4	4	21
Saskatchewan Power International Inc	54	54	16	38	5	5	5	6	6	11
St. Leon Wind Energy LP	30	30	9	21	3	3	3	3	3	6
Suncor Energy Products Inc (1 of 2)	22	22	3	19	2	2	2	2	3	8
Suncor Energy Products Inc (2 of 2)	104	104	14	90	19	20	16	14	12	9
Terra Grain Fuels Inc	73	73	4	69	15	15	12	11	9	7
Toba Montrose General Partnership	73	73		73		6	7	7	7	46
TransAlta Corporation (1 of 3)	29	29	1	28	3	3	3	3	3	13
TransAlta Corporation (2 of 3)	20	20		20	1	2	2	2	2	11
TransAlta Corporation (3 of 3)	18	18		18		2	2	2	2	10
TransAlta Energy Corporation (1 of 2)	34	34	16	18	3	3	4	4	4	
TransAlta Energy Corporation (2 of 2)	25	25	10	15	2	2	2	3	3	3
Umbata Falls Limited Partnership	11	11	1	10	1	1	1	1	1	5
West Cape Wind Energy Inc	24	24		24	2	2	2	3	3	12
Western Biodiesel Inc	19	19	1	18	4	4	3	3	2	2
Zellstoff Celgar Ltd Partnership	30	30		30	1	3	3	3	3	17
Transport—										
Department—										
Airport Capital Assistance Program	386	386	374	12	12					
Bay Ferries Limited	15	15	4	11	9	2				
BC Ferries	427	427	264	163	28	27	27	27	27	27
Canadian National										
Grade Crossing Improvement Program	12	12	2	10	9	1				
Ferry Services Contribution Program	118	118	101	17	17					
Government of British Columbia										
Asia-Pacific Gateway and Corridor Initiative	486	486	102	384	125	80	91	88		
Government of Quebec										
Outaouais Road Agreement	100	100	84	16	3	3	3	3	2	2
Hudson Bay Railway Company										
Gateways and Border Crossing Fund	20	20	4	16	4	4	4	4		
NAV Canada										
Security for the 2010 Olympic Winter Games	25	25	7	18	18					
PMG Technologies										
New GOCO Agreement for the operations and maintenance of the Motor Vehicle Test Centre in Blainville	28	28	14	14	4	4	4	2		
Office of Infrastructure of Canada—										
Alberta Ministry of Infrastructure and Association of Municipalities of Ontario, city of Toronto, local services boards and local roads boards and the Government of Ontario										
Gas Tax Fund	4,853	4,853	1,119	3,734	746	747	747	747	747	
Banff Centre for Continuing Education										
Contribution to fund the Kinnear Centre	15	15	5	10	10					
Calgary Olympic Development Association										
Contributions to fund the Centre of Sport Excellence in Calgary	40	40	7	33	16	14	3			

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2010	2011	2012	2013	2014	2015 and subsequently
Canada Line Rapid Transit Inc										
Contribution to build a rapid transit line to connect central Richmond, Vancouver International Airport and Downtown Vancouver	450	450	430	20	20					
City of Brampton										
Contribution to support the implementation of the Brampton Acceleride Bus Rapid Transit (BRT) project	53	53	1	52	6	21	14	11		
City of Brockville										
Contribution to upgrade the wastewater system	23	23	1	22	8	8	6			
City of Mississauga and Greater Toronto Transit Authority										
Contribution for the implementation of an east-west bus rapid transit corridor	83	83	1	82	4	34	28	16		
City of Niagara Falls										
Contribution to fund the planning and construction of the Niagara Convention Civic Centre	35	35		35	18	17				
City of Saint John, New Brunswick										
Contribution to support the Wastewater Treatment Facility upgrade	27	27		27	20	5	2			
City of Sarnia										
Contribution to upgrade the wastewater system	18	18	2	16	6	4	4	2		
City of Toronto and the Municipality of York										
Contribution for the implementation of an extension to the Toronto subway system	622	622	2	620	40	78	205	147	86	64
City of Toronto and the Toronto Transit Commission										
Contribution towards the modernization and expansion of bus, streetcar and subway services	304	304	207	97	45	38	14			
City of Winnipeg										
Improvement of wastewater treatment facilities	42	42	10	32	21	11				
Contribution for the redevelopment of the Ottawa Congress Centre	50	50	15	35	24	11				
Edmonton Northlands										
Contribution to fund the Northlands AgriCom Exhibition Facility Expansion	25	25	8	17	16	1				
Government of Alberta										
Building Canada Fund – Communities Component	88	88		88	10	26	26	26		
Gas Tax Fund	1,275	1,275	286	989	191	199	199	200	200	
Municipal Rural Infrastructure Fund	107	107	28	79	78	1				
Provincial-Territorial Infrastructure Base Funding Program	175	175	25	150	50	25	25	25	25	
Government of British Columbia										
Building Canada Fund – Communities Component	136	136		136	5	35	35	41	20	

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2010	2011	2012	2013	2014	2015 and subsequently
Ministry of Transportation										
Provincial-Territorial Infrastructure Base Funding Program	175	175	50	125	25	25	25	25	25	
Municipal Rural Infrastructure Fund	75	75	12	63	17	23	23			
Government of Manitoba										
Building Canada Fund—Communities Component	41	41		41	10	21	10			
Gas Tax Fund	167	167	100	67	67					
Municipal Rural Infrastructure Fund	49	49	23	26	21	5				
Provincial-Territorial Infrastructure Base Funding Program	175	175	38	137	37	25	25	25	25	
Government of New Brunswick										
Building Canada Fund—Communities Component	33	33		33	5	10	10	8		
Gas Tax Fund	295	295	53	242	63	45	45	45	44	
Provincial-Territorial Infrastructure Base Funding Program	175	175	25	150	50	25	25	25	25	
Road infrastructure improvements	107	107	13	94	36	31		27		
Government of Newfoundland and Labrador										
Building Canada Fund—Communities Component	56	56		56	12	11	11	11	11	
Gas Tax Fund	82	82	49	33	33					
Municipal Rural Infrastructure Fund	33	33	13	20	17	3				
Provincial-Territorial Infrastructure Base Funding Program	175	175	25	150	50	25	25	25	25	
Government of Nova Scotia										
Building Canada Fund—Communities Component	37	37		37	17	5	5	5	5	
Gas Tax Fund	369	369	87	282	58	56	56	56	56	
Municipal Rural Infrastructure Fund	44	44	21	23	21	2				
Provincial-Territorial Infrastructure Base Funding Program	175	175	50	125	25	25	25	25	25	
Road infrastructure improvements	15	15	1	14	9	5				
Government of Nunavut										
Gas Tax Fund	98	98	23	75	15	15	15	15	15	
Municipal Rural Infrastructure Fund	19	19	7	12	12					
Provincial-Territorial Infrastructure Base Funding Program	183	183	38	145	39	26	26	27	27	
Government of Ontario										
Building Canada Fund—Communities Component	362	362		362	37	80	85	90	70	
Municipal Rural Infrastructure Fund	362	362	209	153	129	24				
Road infrastructure improvements leading to border crossings in Windsor	66	66	32	34	16	8	10			
Road infrastructure improvements leading to border crossings in Sarnia and Queenston	163	163	122	41	41					
Government of Prince Edward Island										
Building Canada Fund—Communities Component	22	22	1	21	5	4	4	4	4	
Gas Tax Fund	98	98	23	75	15	15	15	15	15	

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2010	2011	2012	2013	2014	2015 and subsequently
Provincial-Territorial Infrastructure Base Funding Program	175	175	25	150	50	25	25	25	25	
Government of Quebec										
Border Infrastructure Fund	72	72	10	62	22	27	13			
Building Canada Fund – Communities Component	410	410		410	10	40	80	95	70	115
Canada Strategic Infrastructure Fund	222	222	67	155	101	54				
Completion of Highway 175, part 1	263	263	189	74	59	15				
Contribution to fund the development of the Quartier des spectacles in Montreal	40	40	6	34	12	6	11	5		
Gas Tax Fund	3,005	3,005	691	2,314	460	464	464	463	463	
Improve rail infrastructure for ten railway short lines	30	30	7	23	9	7	4	3		
Municipal Rural Infrastructure Fund	235	235	45	190	190					
Upgrade and standardize the Charles J. Des Baillets and Atwater drinking water treatment plants	59	59	2	57	26	13	13	5		
Government of Saskatchewan										
Building Canada Fund – Communities Component	95	95		95	25	23	23	19	5	
Gas Tax Fund	372	372	89	283	59	56	56	56	56	
Provincial-Territorial Infrastructure Base Funding Program	175	175	38	137	37	25	25	25	25	
Government of the Northwest Territories										
Gas Tax Fund	98	98	12	86	26	15	15	15	15	
Improve three highway corridors	65	65	53	12	8	3	1			
Municipal Rural Infrastructure Fund	19	19	7	12	12					
Provincial-Territorial Infrastructure Base Funding Program	186	186	39	147	39	27	27	27	27	
Government of the Yukon Territory										
Gas Tax Fund	98	98	23	75	15	15	15	15	15	
Municipal Rural Infrastructure Fund	19	19	7	12	12					
Provincial-Territorial Infrastructure Base Funding Program	183	183	38	145	39	26	26	27	27	
Greater Toronto Transit Authority										
Improve the GO Transit Rail and bus transit system in the Greater Toronto Area	385	385	227	158	83	70	5			
Manitoba Floodway Expansion Authority Inc	333	333	238	95	80	15				
Mont Tremblant Resorts and Company Limited Partnership										
Development of two new four-season resort villages	48	48	17	31	23	2	3	3		
Toronto International Film Festival Inc										
Contribution towards the construction of a five-story podium building	25	25	7	18	13	5				
Union of British Columbia Municipalities and the Government of British Columbia										
Gas Tax Fund	1,638	1,638	381	1,257	254	251	251	251	250	

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2010	2011	2012	2013	2014	2015 and subsequently
Western Economic Diversification—										
Alberta Infrastructure and Transportation										
Royal Alberta Museum	30	30	4	26	26					
University of Saskatchewan										
Design and construction of a containment facility	49	49	18	31	21	10				
Subtotal	*109,697*	*109,659*	*53,383*	*56,276*	*10,672*	*8,142*	*6,848*	*6,252*	*5,318*	*19,044*
Consolidated Crown Corporations and Other Entities										
International Development Research Centre										
Project Grant	213	213		213	213					
National Capital Commission										
City of Gatineau	16	16	6	10		10				
Telefilm Canada										
Financial assistance to producers and distributors	34	34		34	34					
Subtotal	*263*	*263*	*6*	*257*	*247*	*10*				
Total transfer payment agreements	**109,960**	**109,922**	**53,389**	**56,533**	**10,919**	**8,152**	**6,848**	**6,252**	**5,318**	**19,044**
Fixed assets and purchases—										
Fixed assets—										
Environment—										
Parks Canada Agency—										
Banff National Park										
Trans Canada Highway twinning	100	34	4	30	18	12				
Gulf Islands National Park										
Land acquisition, developments and operations	31	31	21	10	3	3	2	2		
National Defence—										
Agusta Westland Int Ltd, United Kingdom										
Canadian search and rescue helicopter	774	774	764	10	6	2	2			
Armatec Survivability Corporation, London, Ont										
Improvised Explosive Device Mineblast Protection Kits	31	30	17	13	13					
BAE Systems Projects Canada Limited										
Victoria Class in service support	494	494	446	48	48					
Com Dev Ltd, Cambridge, Ont										
Search and rescue repeaters	15	15	1	14	3	11				
DRS Technologies Canada, Kanata, Ont										
Advanced Electro-Optic Sensor	139	139	105	34	14	11	9			
General Dynamics Canada										
CP140 Aurora Data Management System	374	346	256	90	36	34	20			
Land Command Support System										
Engineering and integration longterm support	325	325	3	322	65	65	65	65	62	
General Dynamics Land Systems Canada Corporation London, Ont										
Armoured Personnel Carrier										
replacement	1,629	1,629	1,581	48	5	4	2			37

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2010	2011	2012	2013	2014	2015 and subsequently
Wheeled Light Armoured Vehicle Optimized Weapon Systems Support	356	356	46	310	105	72	69	64		
Lockheed Martin Canada										
Canadian Forces health information systems	89	89	78	11	11					
Lockheed Martin Corporation, USA										
Aurora Structural Life Extension Project	280	188	31	157	1	69	57	30		
Purchase of 17 C130J Aircrafts	1,441	1,441	602	839	276	456	107			
CF-18 Advanced Infrared Sensor	142	133	76	57	54	3				
MacDonald Dettwiler and Associates Ltd Richmond, BC										
CP140 Aurora Aircraft imaging radar acquisition	280	206	187	19	19					
Project Noctua – Leased Unmanned Aerial Vehicle Systems	137	95	15	80	46	32	2			
Surveillance of Space Project	66	66	19	47	21	18	8			
Navistar Defence LLC, Warrenville, IL, USA										
MilCOTS vehicles	261	256		256	216	40				
Sikorsky International Operations Inc Stratford, CT, USA										
Acquisition of 28 maritime helicopters	1,870	1,869	748	1,121	220	400	90	200	187	24
Thales Systems Canada Inc, Ottawa, Ont										
CP140 Aurora Communication Management System	98	98	85	13	8	5				
Land Command Support System Software Longterm support	175	175	2	173	35	35	35	35	33	
The Boeing Company, St-Louis, USA										
CF-18 Modernization Project	196	170	154	16	15	1				
Wescam Inc, Burlington, Ont										
Interoperable Griffon Reconnaissance Escort Surveillance System	25	25	8	17	15	2				
Public Safety and Emergency Preparedness										
Royal Canadian Mounted Police										
RCMP Fleet Vehicles	36	36		36	36					
Public Works and Government Services										
180 Wellington Building renovation	425	41	7	34	9	2	22	1		
La Prairie Group Contractors (Alberta) Ltd										
South Alaska Highway maintenance and repair	25	25	12	13	7	6				
North Country Maintenance Inc										
North Alaska Highway maintenance and repair	22	22		22	5	5	5	6	1	
Rehabilitation and repairs to the Alexandra Bridge	52	37	2	35	20	12	3			
West Block renovation, 111 Wellington Street	769	178	88	90	59	14	6	6	5	
Subtotal	*10,657*	*9,323*	*5,358*	*3,965*	*1,389*	*1,314*	*504*	*409*	*288*	*61*
Consolidated Crown Corporations and Other Entities										
Canadian Broadcasting Corporation										
Canadian Broadcasting Centre in Toronto	400	400	73	327	9	9	10	11	11	277
Canadian Museum for Human Rights										
PCL Constructors Canada Inc	205	23		23	23					
Smith Carter Architects and Engineers Inc	22	22	11	11	11					

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2010	2011	2012	2013	2014	2015 and subsequently
Canadian Museum of Nature										
Renovations	217	17		17	17					
VIA Rail Canada Inc										
CAD Railway Services Inc	131	103	12	91	19	25	29	18		
Subtotal	*975*	*369*	*96*	*473*	*83*	*34*	*39*	*29*	*11*	*277*
Total fixed assets	11,632	9,892	5,454	4,438	1,472	1,348	543	438	299	338
Purchases—										
Canada Revenue Agency										
CGI Group Inc										
IT Professional Services										
Supply Chain										
Contract 1 of 2	45	41	28	13	13					
Contract 2 of 2	180	109	74	35	35					
IBM Canada Limited										
Mainframes Z10 – Lease, maintenance and support services	27	27	3	24	6	7	7	4		
Master Agreement - Mainframe	47	47	37	10	10					
Canadian Heritage										
Cirque du Soleil										
Canada's participation in the 2010 World Exposition for the concept, design and thematic approach (Pavillion)	14	14	4	10	7	3				
Citizenship and Immigration										
Canadian Bank Note Company Limited										
Printing service contract for forms	16	16	3	13	7	6				
Foreign Affairs and International Trade										
Canadian Bank Note Company Limited										
Purchase of passport materials	26	26	7	19	15	4				
Health										
Express Scripts Inc	106	100	8	92	16	17	18	19	22	
Non-Insured Health Benefits Program	184	184	169	15	15					
Prairie Plant Systems Inc	14	14	2	12	5	4	3			
Human Resources and Skills Development										
Resolve Corporation										
Private institutions that are party to an agreement with the Minister under the *Canada Student Financial Assistance Act*	349	267	84	183	59	56	54	14		
Rogers Cable Communications Inc										
Telecommunication equipment and services	103	103	85	18	9	9				
Microsoft Licensing GP										
Software purchase and maintenance	32	32	3	29	17	12				
Unisys Canada Inc										
Informatics equipment and services	44	44	31	13	3	4	3	3		
Industry										
Canadian Space Agency										
COM DEV International Ltd										
Scientific activities for the construction of a Space Telescope	115	113	91	21	14	7				

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2010	2011	2012	2013	2014	2015 and subsequently
MacDonald, Dettwiler and Associates Ltd.										
Scientific activities for the construction of the Radarsat Constellation	38	38	6	32	32					
MacDonald Dettwiler Space and Advanced Robotics Ltd.										
Canadian Space Station Program	118	118	32	86	26	26	34			
National Research Council of Canada										
EBSCO Canada Limited										
Subscription, acquisition, delivery and management services for serial productions	40	40	21	19	6	13				
National Defence										
Allied Wings										
Pilot Training, Manitoba	2,099	1,792	208	1,584	71	72	73	75	77	1,216
AVEOS Fleet Performance Inc. Saint-Laurent, Que										
Airbus Aircraft Support	229	229	218	11	11					
BAE Bofors System, Sweden										
57mm gun	89	89		89	22	23	16	7	7	14
Bell Canada										
TSRP	292	292	243	49	43	6				
Bell Helicopter Textron Canada Limited, Mirabel, Que										
CH146 Griffon repair and overhaul	70	70		70	70					
CH146 Griffon technical investigations and engineering support	21	21		21	21					
Biogenie SRDC Inc, SNC Lavalin Inc, Kitnuna Projects Inc, Quantum Murray and Qulluq's Transport Ltd										
DEW Line Cleanup	583	152	63	89	33	31	23	2		
Bombardier Inc										
Jet Flying Pilot Training	2,583	1,904	830	1,074	94	88	84	87	88	633
CAE Inc, Saint-Laurent, Que										
Aircrew Operational Training services	347	330	1	329	58	60	26	15	8	162
Calian, Ottawa, Ont										
Manage health care providers to the Canadian Forces	1,000	450	215	235	55	50	45	45	40	
Canadian Base Operators										
Meaford alternate service delivery	117	117	32	85	10	11	11	12	12	29
Canadian Submarine Management Group										
Victoria in service support	1,300	350	13	337	99	105	111	22		
Cascade Aerospace Inc, Abbotsford, BC										
Repair and overhaul of Hercules Aircraft	423	423	151	272	109	109	54			
Corporation du Fort St-Jean										
Support to St-Jean campus, St-Jean-sur-Richelieu, Que	107	107	4	103	19	20	21	22	21	
DEW Engineering, Ottawa, Ont										
Upgrade to the Wheeled Armoured Vehicle	25	21	11	10	10					
Fleetway Inc, Halifax, NS										
In service support for Halifax and Iroquois Class vessels	175	51	23	28	15	13				

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2010	2011	2012	2013	2014	2015 and subse-quently
Halifax Shipyard, NS										
Halifax Class modernization	440	55	36	19	19					
Harris Aerospace, Calgary, Alta										
CF18 Hornet Aircraft Support	24	24		24	24					
IBM Canada Ltd										
Material acquisition and support information system	251	251	209	42	20	18	4			
Software	44	44	18	26	8	9	8	1		
IMP Group Ltd, NS										
Third line support for Sea King Helicopter	305	305	204	101	101					
Optimized Weapon System Support	566	566	149	417	52	59	66	66	67	107
In-service support for Helicopters	818	818	304	514	73	85	85	85	93	93
L-3 Communications Electronic Systems, Enfield, NS										
CP140 Aurora Aircraft Avionics Optimized Weapon System Support	395	395	65	330	22	29	28	29	30	192
L-3 Communications Canada, Que										
Aircraft System Engineering Support	651	651	541	110	110					
Integrated Platform Management System	69	69	6	63	22	14	6	8	5	8
Lockheed Martin Canada Inc, Kanata, Ont										
Electronic Countermeasures	16	15	3	12	2	2	1	1	1	5
Combat System integration	1,282	1,282	29	1,253	256	120	199	151	137	390
Lockheed Martin Corporation Manassas, US										
MacDonald Dettwiler Associates Ltd, Richmond, BC										
Victoria Class Trainer	23	14		14	5	5	4			
Microsoft Corporation, Toronto, Ont										
Assurance licences	176	69	40	29	20	9				
Nasittuq Corporation, Ottawa, Ont										
North Warning System operation and maintenance	500	476	407	69	69					
NATO Maintenance and Supply Agency										
Support of Canadian Forces operations in Afghanistan	205	205	61	144	144					
Orenda Aerospace Corporation Mississauga, Ont										
CF18 Hornet Aircraft, engine repair and overhaul	20	20	4	16	16					
Peerless Garments LP, Winnipeg, Man										
[illegible] Raincoats	33	33		33	14	14	5			
PTI Group, Kanata, Ont										
Temporary Accommodation Facilities	34	34		34	34					
Raytheon Canada Ltd, Calgary, Alta										
Close-in Weapons System	83	80	69	11	11					
SPS49 Radar	24	20	4	16	6	5	3	1	1	
Repair and overhaul, CIWS guns	91	91	80	11	11					
Rheinmetall Canada Inc, St Jean, Que										
Unmanned Aerial Vehicle repair and overhaul	151	151	57	94	94					
Rheinmetall Waffe Munition GMBH Germany										
Halifax Class modernization	23	23		23	5	6	6	6		

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2010	2011	2012	2013	2014	2015 and subsequently
SAAB Microwave Canada Ltd, Halifax, NS										
Seagiraffe Radar	49	43	5	38	6	6	6	6	4	10
Santé Montfort, National Capital Region, Ont										
Provision of health care facility for Canadian Forces	134	134	4	130	8	7	7	6	6	96
SERCO Facilities Management Inc										
Goose Bay Alternate Service Delivery	556	556	210	346	37	38	39	39	40	153
Sikorsky International Operations Inc Stratford, CT, USA										
Maritime helicopters in service support	3,250	3,250	434	2,816	111	139	62	57	102	2,345
SNC Lavalin Defence Programs Inc										
In service support for Auxiliary Vessel and Minor Warship	290	266	176	90	90					
SNC Lavalin PAE										
Support of Canadian Forces operations in Afghanistan	103	103	66	37	37					
Standard AERO Ltd, Winnipeg, Man										
Hercules and Aurora Aircrafts Engines System Support	304	118	100	18	18					
Strachan and Henshaw Canada Inc Ottawa, Ont										
Weapon Handling and Discharge System, Submerged Signal Ejector	105	88	38	50	35	15				
Telesat Canada										
North Warning System	30	30	1	29	3	3	3	3	3	14
Telus Communications Inc, Vancouver, BC										
Global Defence Network Services	403	214		214	51	57	64	42		
Thales Canada Inc										
Fire Control Radars	67	61	3	58	8	9	9	10	7	15
Periscope and AXP masts	39	31	4	27	15	9	3			
Radars	61	53	3	50	8	9	9	10	7	7
Victoria Shipbuilding Limited, BC										
Halifax Class modernization	320	40	28	12	12					
Weir Canada Inc, Lasalle, Que										
Maritime Systems and Engineering	186	178	156	22	22					
Privy Council—										
Chief Electoral Officer—										
IBM Canada Ltd, Ottawa, Ont										
Facilities management support services	31	31	1	30	8	8	7	7		
Supply of fully integrated and functional systems and related services for federal electoral events	24	24	7	17	6	6	5			
Public Safety and Emergency Preparedness—										
Correctional Service—										
ENMAX Corporation										
Electrical energy services	15	15	4	11	2	2	1	1	1	4
Royal Canadian Mounted Police—										
Bell Canada										
Wide area network services	73	73	61	12	12					
CGI Group Inc										
Systems maintenance and support of CFIS	137	137	108	29	20	9				

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2010	2011	2012	2013	2014	2015 and subsequently
Fujitsu Consulting										
Design, development and testing of the Real Time Identification Project Phase 2 application	30	21	5	16	8	7	1			
Honeywell Limited										
Perimeter Intrusion Detection System	32	32		32	32					
Public Works and Government Services										
200 Kent Street Limited Centennial Towers, Ottawa, Ont	43	43	25	18	4	4	4	4	2	
3683249 Canada Inc 181 Queen Street, Ottawa, Ont	51	51	14	37	2	3	3	3	3	23
Bell Canada Secure Channel services	250	218	141	77	55	12	10			
Brookfield Properties Management Corporation Jean-Edmonds Tower North, Ottawa, Ont	62	62	27	35	6	6	6	6	6	5
Canada Post Corporation Canada Post Place, Ottawa, Ont	37	37	8	29	2	3	3	3	3	15
Canadian Real Estate Fund 269 Laurier Avenue, Ottawa, Ont	56	56	10	46	3	4	4	4	4	27
CGI Information Systems and Management Consultants Inc Engineering services	162	136	40	96	16	21	16	16	16	11
City of Vancouver Library Square Block 56, Vancouver, BC	19	19	3	16	2	2	2	2	2	6
Computershare Trust Company of Canada										
305 Boulevard René-Levesque West, Montréal, Que	126	126	3	123	4	4	4	4	5	102
4225 Boulevard Dorchester West, Westmount, Que	104	104	1	103	3	3	4	4	4	85
Canada Place, Edmonton, Alta	311	311	5	306	5	10	10	11	11	259
Harry Hays Building, Edmonton, Alta	198	198	4	194	6	7	7	7	7	160
Joseph Sheppard Building, Toronto, Ont	280	280	12	268	9	9	10	10	10	220
Skyline Complex, Ottawa, Ont	252	252	2	250	8	8	9	9	9	207
Thomas D'Arcy McGee Building, Ottawa, Ont	285	285	1	284	9	10	10	10	10	235
EllisDon Corporation										
Canadian Security Intelligence Service national headquarters building addition, Ottawa, Ont	69	69		69	34	33	2			
First Data/Paymentech Canada Partner Inc., and Dearborn Marchant Services Inc										
Card acceptance services Toronto, Ont	131	131	13	118	14	15	17	19	20	33
Kudlick Construction Ltd.										
CAM-D (Simpson Lake) Remediation Project on behalf of Indian Affairs and Northern Development	18	18		18	3	5	5	5		
Morguard Corporation Trusco Building, Ottawa, Ont	124	124	16	108	6	6	6	6	7	77
Oracle Corporation Canada Inc										
Software maintenance on behalf of several other government departments, Mississauga, Ont	87	70	55	15	5	5	5			

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2010	2011	2012	2013	2014	2015 and subse-quently
Otis Canada Inc										
Elevator maintenance services, Ottawa, Ont.	14	14	3	11		1	1	1	8	
SNC Lavalin ProFac Inc										
Building maintenance services	2,410	2,410	1,583	827	495	332				
The Canada Life Assurance Company										
Judicial Complex, Toronto, Ont	85	85	14	71	4	4	4	3	3	53
Subtotal	*28,941*	*23,931*	*8,373*	*15,558*	*3,327*	*1,962*	*1,356*	*989*	*903*	*7,021*
Consolidated Crown Corporations and Other Entities										
Atomic Energy of Canada Limited										
Purchases	92	92		92	84	8				
Investment in building infrastructure at the Chalk River Facility	48	48		48	48					
Canadian Air Transport Security Authority										
Aeroguard Company Ltd	100	100		100	46	54				
Aeroguard Eastern Inc	60	60		60	28	32				
Aeroguard Inc	50	50		50	23	27				
Garda, Montreal, Que	73	73		73	34	39				
Garda of Canada	167	167		167	78	89				
Garda of the Pacific (1 of 2)	84	84		84	38	46				
Garda of the Pacific (2 of 2)	44	44		44	21	23				
Greater Toronto Airports Authority	15	15	3	12	3	3	3	3		
NAV Canada	38	38	22	16	8	8				
Sécurité Kolossal	21	21		21	10	11				
Shannahan's Investigation and Security Inc	84	84		84	38	46				
Vancouver International Airport Authority	18	18	3	15	3	4	4	4		
Canadian Broadcasting Corporation										
Programming rights	96	96	12	84	24	24	24	12		
Sports rights	649	649	130	519	89	95	98	101	106	30
National Capital Commission										
Land management and maintenance	96	96	39	57	14	14	11	4	3	11
National Gallery of Canada										
Securitas Security Services	26	18	3	15	3	3	3	3	3	
Subtotal	*1,761*	*1,753*	*212*	*1,541*	*592*	*526*	*143*	*127*	*112*	*41*
Total purchases	30,702	25,684	8,585	17,099	3,919	2,488	1,499	1,116	1,015	7,062
Total fixed assets and purchases	**42,334**	**35,576**	**14,039**	**21,537**	**5,391**	**3,836**	**2,042**	**1,554**	**1,314**	**7,400**
Operating leases—										
Environment—										
Capilano Indian Reserve No. 5 of Vancouver, BC										
Lease of Land	385	385	124	261	8	8	8	8	8	221
IBM Canada Ltd										
Rental and maintenance of Supercomputer system	67	67	44	23	8	8	7			
Fisheries and Oceans—										
Provincial Airlines Ltd										
Aerial Monitoring Program	81	72	59	13	13					

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2010	2011	2012	2013	2014	2015 and subsequently
Foreign Affairs and International Trade—										
Main Production and Commercial Administration										
Office and parking space, Moscow	195	195	7	188	3	7	7	7	7	157
Mitsui Fudosan, New York	42	42	32	10	3	3	3	1		
Tower Plaza Associates, New York	33	33	18	15	1	1	1	2	2	8
Public Safety and Emergency Preparedness—										
Royal Canadian Mounted Police—										
Vancouver 2010 Olympics Accommodations lease	33	33		33	33					
Public Works and Government Services										
1001 Dominion Square Management Inc										
1255 Peel Street, Montréal, Que	13	13	1	12	1	1	1	1	2	6
1258898 Ontario Ltd, Multivesco Inc										
400 Cumberland Street, Ottawa, Ont	56	56	26	30	3	5	5	5	5	7
1310061 Ontario Limited in trust for East Michael Associates										
Carleton Refrigeration Building	10	10		10	1	1	1	1	1	5
160 Elgin Portfolio Inc. and 160 Elgin Leasehold Inc										
Place Bell Canada										
160 Elgin Street, Ottawa, Ont	56	56	10	46	5	5	6	6	6	18
2164613 Ontario Inc										
Trebla Building, 473 Albert Street, Ottawa, Ont	18	18		18	1	2	2	2	2	9
360 Laurier Avenue West Limited										
Narono Building	21	21	3	18	2	2	2	2	2	8
434 Queen Street Holdings Inc										
Farm Credit Building	16	16	2	14	1	1	2	2	2	6
444 Seventh Inc										
Barclay Centre, Calgary, Alta	56	56	39	17	4	4	4	4	1	
BGV III Office Ottawa Inc										
2215 Gladwin Crescent, Ottawa, Ont	25	25	2	23	3	3	4	4	4	5
Bona Building & Management Company Ltd										
Place Vanier, Towers A & B, Ottawa, Ont	94	75	57	18	8	8	2			
Place Vanier, Towers B & C, Ottawa, Ont	16	12	1	11	4	4	3			
Vanier Building, Ottawa, Ont	44	44	8	36	4	4	4	5	5	14
British Columbia Hydro and Power Authority										
333 Dunsmuir Street, Vancouver, BC	15	15		15	3	3	3	3	3	
Canada Lands Company CLC Limited										
277 Front Street West, Toronto, Ont	36	36	16	20	4	4	4	3	3	2
Canada Property (Trustee) No. 1 Limited										
Holland Cross Building, Ottawa, Ont	16	16	4	12	1	2	2	2	2	3
Capital City Shopping Center Ltd										
Billings Bridge Plaza, Ottawa, Ont	42	42	29	13	4	5	4			
Cominar Real Estate Investment Trust										
3400 Jean-Beraud Avenue, Laval, Que	41	41	27	14	4	4	4	2		
Dundeal Canada Limited Partnership										
Airport Corporate Centre, Calgary, Alta	18	18	4	14	2	2	2	2	2	4
Exchange Tower Ltd., HRI Exchange Inc and PFS Exchange Inc										
Exchange Tower, Toronto, Ont	57	57	30	27	9	8	8	2		
Federal Construction Inc										
179 Third Avenue, Timmins, Ont	11	11		11	1	1	1	1	1	6
GE Canada Real Estate Equity										
110 O'Connor Street, Ottawa, Ont	53	40		40	2	4	4	4	4	22

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2010	2011	2012	2013	2014	2015 and subsequently
GWL Realty Advisors Inc										
2001 University Street, Montréal, Que	17	17	1	16	1	1	2	2	2	8
Robson Court Building, Vancouver, BC	35	35	14	21	4	4	4	4	4	1
Minto (Kent St.) Inc										
180 Kent Street, Ottawa, Ont	22	22		22	2	2	2	2	2	12
Morguard Investment Limited in Trust for Hoop Realty Inc. and Morguard REIT										
Heritage Place, Ottawa, Ont	43	43	6	37	4	4	5	5	5	14
Standard Life Centre, Ottawa, Ont										
Contract 1 of 2	66	66	24	42	8	8	6	3	3	14
Contract 2 of 2	49	49	27	22	5	5	5	5	2	
Oballa Enterprises Ltd										
South Broad Plaza, Regina, Sask	12	12	1	11	1	1	1	1	2	5
Omers Realty Corporation										
Constitution Square towers I and II, Ottawa, Ont	42	42	30	12	5	5	2			
Ottawa – 2200 Walkley Road Inc,										
2200 Walkley road, Ottawa Ont	23	14		14			1	1	1	11
Oxford Properties Group Inc and 735832 Alberta Limited										
800 Burrard Street, Vancouver, BC	65	65	38	27	7	6	6	6	2	
Pacific Centre Leaseholds Limited										
701 Georgia Street West, Vancouver, BC	32	32	1	31	2	3	3	3	3	17
PDV 1 (MCEG), BPO (Ontario Core) Ltd and Crehoy Inc										
Place de Ville towers A and B, Ottawa, Ont	59	59	1	58	12	12	13	13	8	
PDV 2 (MCEG), BPO (Ontario Core) Ltd and Crehoy Inc										
Place de Ville tower C and Podium, Ottawa, Ont	99	99	2	97	21	21	21	21	13	
Pensionfund Realty Limited										
250 Albert Street, Ottawa, Ont	51	51	3	48	5	5	5	5	5	23
Camelot Court, Ottawa, Ont	20	20		20	3	3	3	3	3	5
Place Bonaventure Property Management Inc										
800 De La Gauchetière Street West, Montreal, Que	18	18	1	17	1	2	2	2	2	8
Robert Vocisano in trust for Bona Building & Management Co.										
295 Coventry Road, Ottawa, Ont	48	30	20	10	3	4	3			
Sun Life Assurance Company of Canada and 1331430 Ontario Inc.										
Clarica Complex, 50 O'Connor Street, Ottawa, Ont	32	32	9	23	3	3	3	3	4	7
Sun Life Assurance Company of Canada and 156 O'Connor Limited										
Clarica Complex, 50 O'Connor Street, Ottawa, Ont	13	13	2	11	1	1	2	2	2	3
Telesat Canada and Pensionfund Realty Limited										
Telesat Building, Ottawa, Ont	19	19		19	1	2	2	2	2	10
The Chambers Equities Limited										
The Chambers Building, Ottawa, Ont	13	13	1	12	1	1	1	1	1	7
The Great-West Life Assurance Company										
255 Albert Street, Ottawa, Ont	26	26	12	14	2	3	3	3	3	
The Standard Life Assurance Company of Canada										
Qualicum Towers A and C, Ottawa, Ont	39	39	7	32	4	4	4	5	5	10

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2009—*Concluded*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2010	2011	2012	2013	2014	2015 and subsequently
Unimet Investments Ltd										
605 Robson Street, Vancouver, BC	12	12	1	11	1	1	1	1	2	5
Urbandale Corporation										
The Urbandale Building, Ottawa, Ont	23	23	2	21	2	2	2	2	3	10
WPBI Property Management Inc										
Place Bonaventure, Montreal, Que	52	31	17	14	3	3	3	4	1	
Z.V. Holdings Corporation										
2 Constellation Crescent, Ottawa, Ont	27	27	7	20	2	2	3	3	3	7
Subtotal	*2,507*	*2,414*	*770*	*1,644*	*240*	*208*	*202*	*171*	*145*	*678*
Consolidated Crown Corporations and Other Entities										
Atomic Energy of Canada Limited										
Rental of office space	69	69		69	11	10	10	8	6	24
Canada Council for the Arts										
Operating leases	42	27	4	23	4	5	5	4	3	2
Canadian Air Transport Security Authority										
Sun Life Assurance Company of Canada	39	39		39	4	4	4	4	5	18
Canadian Broadcasting Corporation										
Bell Canada	62	62	42	20	9	9	2			
Morguard Investments	149	149	30	119	7	7	7	7	8	83
SNC-Lavalin Profac Inc	484	484	54	430	32	33	35	37	38	255
Telesat Canada										
Transponders	197	197	105	92	13	13	13	13	13	27
Telus Communications Inc	24	24	13	11	4	3	3	1		
International Development Research Centre										
Omers Realty Corporation										
Office space and maintenance	105	105	8	97	5	6	6	7	7	66
Marine Atlantic Inc										
Baltic SF IX Ltd										
Five-year charter agreement for a passenger and freight ferry	100	100	9	91	20	20	20	20	11	
National Capital Commission										
Chambers Building, Ottawa, Ont	196	196	83	113	9	9	9	10	10	66
Telefilm Canada										
Rental of offices and other commitments	9	9		9	1	2	2	2	1	1
VIA Rail Canada Inc.										
Canadian National Railway Company	103	103	53	50	5	5	5	5	5	25
IBM Canada Ltd.										
VIAnet Service Agreement	30	30	12	18	3	4	4	3	3	1
SITQ, Montreal	21	21	6	15	2	3	4	3	3	
Union Station, Toronto	189	189	19	170	2	3	3	3	3	156
Subtotal	*1,819*	*1,804*	*438*	*1,366*	*131*	*136*	*132*	*127*	*116*	*724*
Total operating leases	**4,326**	**4,218**	**1,208**	**3,010**	**371**	**344**	**334**	**298**	**261**	**1,402**
Grand total	**156,620**	**149,716**	**68,636**	**81,080**	**16,681**	**12,332**	**9,224**	**8,104**	**6,893**	**27,846**

(1) The amount shown under "Total estimated cost" is a cumulative total of amounts charged to budgetary appropriations since 1992, when particulars of this obligation were first reported in the *Public Accounts of Canada*, plus the outstanding obligation reported at fiscal year end.

(2) This figure reflects the total estimated remaining contractual obligations which extend for periods up to 35 years.

International Contractual Obligations

Table 11.4 summarizes the international contractual obligations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans or for budgetary transfer payments, loans and advances and contractual obligations.

International contractual obligations reported in this table include transfer payments, loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations. The amounts reported in Table 11.4 as undisbursed loans and advances and as future paid-in share capital exclude notes that have been issued and that are still unpaid as at March 31, 2009.

Table 11.4 presents information that is summarized in Note 14 to the financial statements in Section 2 of this volume.

TABLE 11.4

INTERNATIONAL CONTRACTUAL OBLIGATIONS

(in millions of dollars)[1]

	Transfer payments	Undisbursed loans and advances	Future paid-in share capital	Total
NON BUDGETARY SHARE CAPITAL AND LOANS—				
Development of export trade (administered by Export Development Canada)		756		756
		756		*756*
BUDGETARY TRANSFER PAYMENTS, LOANS AND ADVANCES—				
African Development Fund	416	201		617
Development of export trade (administered by Export Development Canada)		1		1
Global Environment Facility (GEF) Fund		70		70
Inter-American Development Bank		16		16
International Development Association	1,424	769		2,193
	1,840	*1,057*		*2,897*
Total	1,840	1,813		3,653

[1] Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2009 (1$US = $1.2613 Cdn; 1SDR = $1.88573 Cdn).

Note: Canada has agreed to lend the Poverty Reduction and Growth Facility special drawing rights (SDR) 700 million of which SDR 700 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 190 million, of which SDR 190 million has been paid-in.

Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. Contingent liabilities are recorded in the accounts when it becomes likely that a payment will be made and the amount of that payment can be reasonably estimated. The contingent liabilities of the Government are grouped into: Guarantees, International Organizations, Contaminated Sites, Claims and Pending and Threatened Litigation, and Insurance Programs. Additional information regarding each category is provided below.

For details of contingent liabilities of consolidated Crown corporations, refer to Table 4.3 "Contingent Liabilities of Consolidated Crown Corporations and Other Entities" in Section 4 of this volume. Particulars of contingent liabilities of enterprise Crown corporations and other government business enterprises are not consolidated with those of the Government but details of these contingencies may be found in Table 9.8 "Contingent Liabilities of Enterprise Crown Corporations and other Government Business Enterprises" in Section 9 of this volume.

Guarantees

Guarantees of the Government include:

- guarantees of the borrowings of agent enterprise Crown corporations and other government business enterprises;
- guarantees of certain loans made by agent enterprise Crown corporations;
- guarantees, either collective or specific, of the loans of certain individuals and companies obtained from the private sector;
- insurance programs of the Government; and
- other explicit guarantees.

Losses on loan guarantees are recorded in the accounts when it is likely that a payment will be made to honour a guarantee and where the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the loan guarantee, loss experience and the use of other measurement techniques. Borrowings of agent enterprise Crown corporations and other government business enterprises are recorded as liabilities for the portion not expected to be repaid directly by these corporations.

Table 11.5 lists the outstanding guarantees and is summarized in Note 15 to the financial statements in Section 2 of this volume.

TABLE 11.5
GUARANTEES BY THE GOVERNMENT
AS AT MARCH 31, 2009

	Authorized limit (where applicable)[1]	Contingent liability
	$	$
GUARANTEES BY THE GOVERNMENT—		
Borrowings by enterprise Crown corporations which are agents of Her Majesty		200,416,928,000 [2]
Borrowings by other than enterprise Crown corporations—		
From agents—		
Loans to Indians by the Canada Mortgage and Housing Corporation for on-reserve housing	2,200,000,000	1,097,390,399 [3]
From other than agents—		
Guarantee programs of the Government—		
Aboriginal economic program		515,865
Canada Student Loans Act	10,781,963,150	69,745,446
Enterprise development program	1,200,000,000	212,300
Farm Improvement Loans Act and *Farm Improvement and Marketing Cooperatives Loans Act*	3,000,000,000	114,800,167
Indian economic development program	60,000,000 [4]	768,398
Loans to Indians by approved lenders for on-reserve housing		683,480,876 [3]
Regional Aircraft Credit Facility	1,500,000,000	206,321,937
Small Business Loans Act	3,222,754,455	689,787,820
Other explicit loan guarantees—		
National biomass ethanol program	140,000,000	24,960,000
Insurance programs of the Government—		
Accounts administered for the Government by the Export Development Canada—Insurance and related guarantees	20,000,000,000 [5]	447,712,357
Insurance against accidents at nuclear installations under the *Nuclear Liability Act* [6]	1,050,000,000	582,545,402
Other explicit guarantees—		
Restructuring of Canadian Third-Party Asset Backed Commercial Paper (Senior Funding Facility)		1,300,000,000
Guarantees under the *Agriculture Marketing Programs Act*—		
Advance Payments Program [7]	5,000,000,000	1,523,937,710
Price Pooling Program		14,387,808
Guarantees to holders of mortgages insured by	250,000,000,000 [8]	
Genworth Financial Mortgage Insurance Company of Canada		1,546,255,349
AIG United Guaranty Mortgage Insurance Company of Canada		89,001,096
PMI Mortgage Insurance Company of Canada		1,174,853
Guarantees under Section 19 of the *Canadian Wheat Board Act*		1,987,394,000 [9]
Total gross guarantees	298,154,717,605	210,797,319,783
Less: allowance for losses		513,570,570
Total net exposure under guarantees		210,283,749,213

[1] The authorized limits indicated in the above statement represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

[2] Details can be found in Table 9.6 in Section 9 of this volume.

[3] The Department of Indian Affairs and Northern Development has an authorized limit of $2,200 million by Parliament (as shown above), to issue guarantees on loans made by the Canada Mortgage and Housing Corporation (CMHC) and other approved lenders, for housing purposes, and to issue guarantees on loans made by the Farm Credit Canada (FCC) for farming purposes. The contingent liability amounts related to guaranteed loans for On-Reserve Housing include $1,097 million by CMHC and $683 million by other approved lenders.

[4] The maximum aggregate amount that may be paid out of the Consolidated Revenue Fund and/or outstanding as a contingent liability in the current and subsequent years in respect of all guarantees authorized under Vote L53b shall be $60 million. As at March 31, 2009, $27 million had been disbursed in cumulative defaults and there were outstanding contingent liabilities totaling $1 million leaving a free balance of $32 million available to issue further guarantees.

[5] The *Export Development Act* specifies that Export Development Canada (EDC) may enter into contracts of insurance, re-insurance, related guarantees, financing and other agreements up to the authorized limit of $20 billion. In total, EDC has $4.8 billion outstanding against this limit, consisting of $0.4 billion in contingent liabilities and $4.4 billion in financing.

[6] There have been no claims under the *Nuclear Liability Act* since its inception in 1970.

[7] In 2007, the Spring Credit Advance Program (SCAP) and the Advance Payments Program (APP), which include payments under the *Advance Payment for Crops Act* and *Prairie Grain Advance Payments Act*, merged to form an enhanced APP.

[8] The aggregate limit for all private sector mortgage insurers that have a guarantee with the government is $250 billion.

[9] The Government guarantees the payment of present and future liabilities, indebtedness, or other obligations of the Canadian Wheat Board.

International Organizations

Within contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid-in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations.

Table 11.6 details the contingent liabilities for international organizations and is summarized in Note 15 to the financial statements in Section 2 of this volume.

TABLE 11.6
INTERNATIONAL ORGANIZATIONS CONTINGENT LIABILITIES

(in millions of dollars)[1]

	Callable share capital
NON-BUDGETARY SHARE CAPITAL AND LOANS—	
African Development Bank	1,209
Asian Development Bank	2,531
Caribbean Development Bank	62
International Bank for Reconstruction and Development (World Bank)	6,393
Multilateral Investment Guarantee Agency	58
European Bank for Reconstruction and Development	772
Inter-American Development Bank	4,876
Total	15,901

[1] Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2009 (1$US = $1.2613 Cdn; 1SDR = $1.88573 Cdn).

Contaminated Sites

Based on management's best estimates, a liability for the estimated costs related to the management and remediation of contaminated sites and unexploded explosive ordnance affected sites is accrued when the contamination occurs, or when the Government becomes aware of the contamination, and is obligated or likely obligated to incur such costs. As at March 31, 2009, the Government has recorded a liability of $3,230 million for approximately 2,010 sites ($3,661 million in 2008 for approximately 2,390 sites).

The Government has estimated possible additional clean-up costs of $1,890 million ($2,203 million in 2008) that are not accrued as these are undeterminable at this time. The change in contingent liabilities related to contaminated sites and unexploded explosive ordnance affected sites is due to the additional information gathered during the year which enabled the potential liability for certain sites to be more accurately estimated. The Government's ongoing efforts to assess contaminated sites and unexploded explosive ordnance affected sites may result in additional liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These adjustments will be accrued in the year in which they become known.

Claims and Pending and Threatened Litigation

There are thousands of claims and pending and threatened litigation cases outstanding against the Government. The total amount claimed in these actions, including a number where an amount is not specified, and their outcomes are not determinable.

The Government records an allowance for those cases identified as likely to be lost and which can be reasonably estimated. All other cases, excluding those assessed as unlikely to be lost, are considered contingent liabilities. As at March 31, 2009, contingent liabilities for claims and pending and threatened litigation have been estimated to approximate $5,700 million ($5,400 million in 2008). This estimate of possible loss covers only a portion of all claims against the Government. The total contingency relating to pending claims is not determinable. Certain large and significant claims not included in the estimate of contingent liabilities, are described below:

Comprehensive land claims: Comprehensive land claims are negotiated in areas where aboriginal title has not been dealt with by treaty or by other legal methods. In such cases, the claim is based on an aboriginal group's traditional use and occupancy of that land. There are currently 76 comprehensive land claims (75 in 2008) under negotiation, accepted for negotiation or under review. A liability of $3,500 million ($3,400 million in 2008), is estimated for claims that have progressed to a point where quantification is possible. The remaining claims are still in the early stages of negotiations and cannot yet be quantified.

Assessed taxes under objection or appeal: As at March 31, 2009, an amount of $13,778 million ($10,353 million in 2008) of taxes assessed was under objection at Canada Revenue Agency and an amount of $2,429 million ($2,134 million in 2008) was under appeal at either the Tax Court of Canada, the Federal Court of Canada or the Supreme Court of Canada.

Other: In September 1999, the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act* were amended to enable the federal government to deal with excess amounts in the superannuation accounts and pension funds governed by these Acts. The legal validity of these provisions has since been challenged in the courts. The outcome of these lawsuits and the estimated financial impact, which could be significant, is not determinable at this time.

Insurance Programs

An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. The Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, and Export Development Canada currently operate insurance programs as agents of Her Majesty. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis. However, in the event the corporations have insufficient funds, the Government will have to provide financing. The Government expects that all three corporations will cover the cost of both current claims and possible future claims.

Information presented in Table 11.7 has not been audited since the information presented therein is derived from interim financial statements. Additional financial information relating to these corporations may be found in the "*President of the Treasury Board's Annual Report to Parliament - Crown Corporations and Other Corporate Interests of Canada*". Information contained in Table 11.7 is also summarized in Note 15 to the financial statements in Section 2 of this volume.

TABLE 11.7

SUMMARY OF INSURANCE PROGRAMS OF AGENT ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 2009

(in millions of dollars)

	Canada Deposit Insurance Corporation[1]		Canada Mortgage and Housing Corporation[2]				Export Development Canada[3]	
			Mortgage Insurance Fund		Mortgage-Backed Securities Guarantee Fund			
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Insurance in force as at reporting date	512,221	477,350	439,008	361,154[4]	270,379	176,178	23,626	18,287
Opening balance of Fund/Allowance	996	948	6,487	5,415	324	260	[3]	[3]
Revenues for the period—								
Premiums and fees	92	68	1,445	1,383	120	72	178	147
Investment income	54	65	526	729	2,380	27		
Other revenues		1	6	(7)	5	4		
Total revenues	146	134	1,977	2,105	2,505	103	178	147
Expenses for the period—								
Loss on/provision for claims	149	49	475	312			329	44
Interest on borrowing			2	86	997			
Administrative expense	25	23	194	153	7	4		
Other expenses (includes taxes)	9	14	352	482	385	35		[4]
Total expenses	183	86	1,023	1,033	1,389	39	329	44
Net income or (loss) for the period	(37)	48	954	1,072	1,116	64	(151)	103
Adjustments			3					
Closing balance of Fund/Allowance	959	996	7,444	6,487	1,440	324	[3]	[3]
Net claims during the period [5]			306	205	*	*	86	49[4]
Five year average of net claims paid			227	201	*	*	41	33

*Not applicable.

[1] The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to $100,000 per depositor, per institution. The Corporation is funded by premiums assessed against its member institutions.

[2] Canada Mortgage and Housing Corporation (CMHC) administers two funds: the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund (MBSGF). The MIF provides insurance for a fee, to lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by lending institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF is produced as of September 30 of each year. The Corporation determines provisions for claims and unearned premiums at December 31 using valuation factors taking into account new business, claims and interest for the last quarter. The MBSGF supports two CMHC guarantee products: *National Housing Act* (NHA) Mortgage-Backed Securities and Canada Mortgage Bonds. The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a guarantee fee paid by approved financial institutions, CMHC and ultimately the Government guarantee timely payment of monthly principal and interest to MBS investors who participate in a pool of insured residential mortgages which have been repackaged by the financial institution into investments which can be sold to investors in denominations as low as $1,000. The Canada Mortgage Bond (CMB) program was implemented in 2001. Under this program, bonds are issued by a special purpose trust known as Canada Housing Trust and sold to investors in denominations as low as $1,000. The proceeds of the bonds are used to purchase mortgages packaged into newly issued NHA MBS. Canada Mortgage Bonds of $160,664 million ($127,566 million in 2008) including accrued interest, issued by the Trust carry the full faith and credit of the Government of Canada. The timely payment of semi-annual interest and principal at maturity is guaranteed by the Government of Canada through CMHC.

[3] Export Development Canada (EDC) provides export and foreign investment insurance to Canadian businesses to facilitate and develop export trade. The insurance program has been adequate to provide for the full cost of claims experienced to date and for the cost of future claims established based on previous claims experience. The Corporation does not maintain a separate fund for its insurance program and therefore the balance of the fund is not available. EDC maintains an allowance for claims on insurance which is based on an actuarial review of net loss experience and potential net losses. The balance of the allowance is $702 million ($396 million in 2008).

[4] Comparative figure has been restated to conform to the current year's presentation.

[5] Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

SECTION 12

2008-2009

PUBLIC ACCOUNTS OF CANADA

Index

INDEX

A

Aboriginal Business Loan Insurance Program, 9.32, 9.36
Accountable advances, miscellaneous, 9.31, 9.33
Accounting for expenses, 3.8
Accounting for revenues, 3.3
Accounts payable, 5.3
  and accrued liabilities, 1.12, 1.16, 2.6, 5.2, 5.3
    other, 2.6, 5.3, 5.6
  by category, 5.2
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, 5
Accounts receivable of consolidated Crown corporations and other entities, 7.4
Accrued salaries and benefits, 5.3
Accumulated deficit, 1.9, 1.10, 1.16, 2.6, 2.14
  at beginning of year, 1.15, 2.5, 3.3
  at end of year, 1.15, 2.5, 3.3
  detailed statement of operations and, 1.15
ACQUISITION OF LAND, BUILDINGS AND WORKS, *see Volume III, Section 4*
ACQUISITION OF MACHINERY AND EQUIPMENT, *see Volume III, Section 5*
Actuarial valuations, 6.19
  and assumptions, 2.20
Administered accounts, 6.37, 6.40
Advance account—Telefilm Canada, 6.41, 6.48
African Development Bank, 9.24, 9.25, 9.26
African Development Fund, 5.4, 9.25
Aging of other accounts receivable, 7.4
Aging of tax receivables, 7.3
Agricultural Commodities Stabilization Accounts, 4.10, 4.12
AgriInvest Program, 6.41, 6.46
Air travellers security charge, 3.4
Airline bankruptcy proceedings, 9.18, 9.19
Allowance for borrowings of Crown corporations, 5.14
Allowance for guarantees, 1.16, 2.6, 5.2, 5.14
Allowance for loan guarantees, 5.14
Allowance for pension adjustments, 6.2, 6.21, 6.30
Allowance for valuation, 1.19, 9.3, 9.40
Amount expected to be repaid from future appropriations, 1.19, 9.5
Andean Development Corporation, 9.25
Annual deficit or surplus, 2.5, 2.7, 2.8, 3.3
Annual surplus or deficit, 1.15, 1.17, 1.18
Annuities agents' pension account, 6.41, 6.46
Armed services—Estates, 6.36, 6.40
Asian Development Bank, 9.24, 9.26
  (Special), 9.25
Asian Development Fund, 5.4, 9.25
Assessed taxes under objection or appeal, 2.30
Asset-Backed Commercial Paper (ABCP) Restructuring Agreement, 2.14
Assets under capital leases, 10.2, 10.6
  by main category, 10.6
Atlantic Provinces Power Development Act, 9.28, 9.30
Atomic Energy of Canada Limited, 3.7
Atomic Energy of Canada Limited's nuclear facility decommissioning, 5.12
Authorities available from previous years, *see Volume II, Section 1*
Authorities for the spending of proceeds from the disposal of surplus Crown assets, *see Volume II, Section 1*
Authorities granted by statutes other than Appropriation Acts, *see Volume II, Section 1*

A—*Concluded*

Authorities granted in current year Appropriation Acts, *see Volume II, Section 1*
Aviation gasoline and diesel fuel—Excise tax, 3.4

B

Basis of accounting, 2.9
Benefit trust fund, 6.37, 6.40
Bonds for Canada Pension Plan, 1.16, 1.20, 6.2, 6.7, 6.12
Borrowing authorities, 2.12
Borrowings by enterprise Crown corporations and other Government Business Enterprises, 9.14
Borrowings of Crown corporations, allowance for, 5.14
Borrowings of enterprise Crown corporations designed as agents of Her Majesty, 6.11
Budgetary balance, The, 1.4
Business Development Bank of Canada, 1.19, 9.5, 9.6

C

Canada bills, 6.2, 6.7
  before revaluation, 6.7
Canada Development Investment Corporation, Holdback—Privatization, 6.35, 6.37
Canada Foundation account, 6.42, 6.49
Canada Hibernia Holding Corporation, Abandonment reserve fund, 6.35, 6.37
Canada Investment Fund for Africa, 9.18, 9.19
Canada Labour Code—
  Other, 6.35, 6.37
  Wage Recovery Appeals, 6.35, 6.38
Canada Lands Company Limited, 9.5, 9.6
Canada Mortgage and Housing Corporation, 1.19, 9.5, 9.6
Canada notes, 6.2, 6.8
  payable in foreign currencies, 6.8
Canada Pension Plan, 6.33, 6.53
  Bonds for, 1.16, 1.20, 6.2, 6.7, 6.12
  Due to, 1.16, 1.19, 2.22, 6.2, 6.33
Canada Pension Plan Investment Board, 9.18
  transfers to, 6.33
Canada Premium Bonds, 6.6
Canada/Provinces Business Service Centre, 6.43, 6.50
Canada's Economic Action Plan, 1.4
Canada savings bonds, 6.6
Canada savings, Canada premium and Canada investment bonds, *see Retail debt*
Canada Student Loans Program, 9.32, 9.36
Canadian Agricultural Income Stabilization, 6.41, 6.47
Canadian Airport Authorities, 9.32, 9.39
Canadian Centre for Occupational Health and Safety—Donations, 5.7, 5.9
Canadian Commercial Bank, 9.31, 9.34
Canadian Commercial Bank and Northland Bank Holdback Account, 4.11, 4.13
Canadian currency—Cash in bank, 7.2
Canadian currency borrowings,
  issued, 1.18, 2.8
  repayments, 1.18, 2.8
Canadian Dairy Commission, 9.5, 9.7
  account, 6.35, 6.37

C—*Continued*

- Canadian Forces Pension Fund Account, 6.21, 6.22, 6.24
- Canadian Forces Superannuation Account, 6.21, 6.22, 6.24
- Canadian Institutes of Health Research—
  - Donations for research, 5.7, 5.9
  - Endowments for Health Research, 5.8, 5.10
- Canadian Landmine Action Fund, 5.7, 5.9
- Canadian producers of frozen groundfish, 9.32, 9.34
- Candidates' and committees' deposits—Election and referendum, 6.36, 6.38
- Capital investment activities, 1.18, 2.8
- Capital leases, 6.13
- Caribbean Development Bank, 5.4, 9.24, 9.26
  - Agricultural Development Fund, 9.25
  - Commonwealth Caribbean Regional, 9.25
  - Special, 5.4, 9.25
- Cash, 1.16, 1.20, 2.6, 7.2
  - and accounts receivable, 1.16, 2.6, 3.7, 7.2
  - and cash equivalents, 1.20, 2.6, 2.10, 7.2
    - at beginning of year, 1.18, 2.8
    - at end of year, 1.18, 1.20, 2.8
  - generated before financing activities, 2.8
  - generated or used,
    - before financing activities, 1.18
  - in Canadian currency, 1.20
  - in foreign currencies, 1.20
  - items not affecting, 1.18, 2.8
  - net increase or decrease in, 1.18
  - provided or used by,
    - financing activities, 2.8
    - investing activities, 1.18
    - operating activities, 1.18, 2.8
  - used by:
    - capital investment activities, 1.18, 2.8
    - investing activities, 2.8
  - used for interest, 2.8
  - used or provided by,
    - financing activities, 1.18
    - operating activities, 2.8
- CASH AND ACCOUNTS RECEIVABLE, 7
- Cash and accounts receivable, 1.16, 2.6, 3.7, 7.2
- Cash flow, 1.14
  - Statement of, 1.18
- Cash in bank, 7.2
  - Canadian currency, 7.2
  - Foreign currencies, 7.2
  - Special deposits, 7.2
- Cash in hands of collectors and in transit, 7.2
- Cash in transit, 7.2
- Central American Bank for Economic Integration, 9.25
- Change due to,
  - inventories, 1.17, 2.7
  - prepaid expenses, 1.17, 2.7
  - tangible capital assets, 1.17, 2.7
- Change in,
  - accrued benefit obligation and market related value of investment, 2.20
  - foreign exchange accounts, 1.18, 2.8
  - inventories and prepaid expenses, 1.18, 2.8
  - net debt,
    - during the year, 1.17, 2.7
  - pension and other liabilities, 1.18, 2.8
- Charge on refunds of softwood lumber duty deposits, 3.4
- Children's benefits, 1.15, 2.5

C—*Concluded*

- Civil service insurance fund, 6.41, 6.45
- Claims and pending and threatened litigation, 2.30, 11.24
- Collaborative research projects,
  - Health, 6.42, 6.49
  - Public Health Agency of Canada, 6.42, 6.49
- Common school funds—Ontario and Quebec, 6.42, 6.48
- Commonwealth War Graves Commission, 9.32, 9.40
- Company stock option, 9.32, 9.38
- Comparative information, 2.11
- Comparison of outcomes to June 2009 Report on Canada's Economic Action Plan, 1.5
- Comparison of results against budget, 2.12
- Comprehensive income, other, 2.5, 2.7, 3.3
- Comprehensive land claims, 2.30
- CONSOLIDATED ACCOUNTS, 4
- Consolidated accounts, 3.7
- Consolidated Crown corporations and other entities, 3.6, 4.3
  - accounts receivable, 7.4
  - other cash, 7.2
- Consolidated specified purpose accounts, 3.12, 4.10
  - other, 4.11, 4.13
- Consolidation adjustment, 5.3, 6.4, 6.5, 6.12, 6.44, 9.33, 9.40
- Construction of multi-purpose exhibition buildings, 9.31, 9.34
- Contaminated sites, 2.29, 5.12, 11.24
- Contingent liabilities, 2.10, 2.29, 11.22
  - international organizations, 11.24
  - of consolidated Crown corporations and other entities, 4.8
  - of enterprise Crown corporations and other Government Business Enterprises, 9.15
- Contractors' security deposits
  - Cash—Canadian Food Inspection Agency, 6.35, 6.37
  - Cash—Royal Canadian Mounted Police, 6.36, 6.39
  - Cash—Public Works and Government Services, 6.36, 6.39
  - Certified cheques—Agriculture, 6.35, 6.37
  - Other departments and agencies, 6.36, 6.39
- Contractual obligations, 2.29, 11.2
  - and contingent liabilities, 2.6, 11.2
  - of enterprise Crown corporations and other Government Business Enterprises, 9.16
  - Schedule of minimum payments, 11.2
- CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES, 11
- Co-operative Housing Project, 9.18
- Corporate income tax revenues, 1.15, 2.5, 3.4, 5.11
- Corporate sponsorships and donations, 5.7, 5.9
- Cost of plan amendments, 2.19
- Council of Yukon First Nations—Elders, 9.32, 9.36
- Courts Administration Service—
  - Security for costs, 6.35, 6.38
  - Special account, 6.43, 6.51
- Credit card—Special project fund, 6.44, 6.52
- Credit risk related to swap agreements, 2.27
- Crop Reinsurance Fund, 4.10, 4.12
- Cross-currency swap revaluation account, 1.16, 1.20, 6.2, 6.9, 6.11, 6.12
- Crown corporation,
  - expenses, 1.15, 2.5
  - revenues, 1.15, 2.5, 3.6
- Crown Corporation Trusts—Donations, 6.44, 6.52
- Crown corporations and other entities, 2.23
- Customs and excise, 5.11
- Customs duties receivable, 7.3
- Customs import duties, 1.15, 2.5, 3.4, 3.5

D

Defence Services Pension Continuation Act, 6.22
Deferred revenues, 5.3, 5.7
    other specified purpose accounts, 5.8
Dependants' pension fund, 6.41, 6.46, 6.81
Deposit accounts, 6.35
Deposit and trust accounts, 6.2, 6.35, 6.36, 6.37
Deposit/Disbursements—Worker's Compensation Board, 6.41, 6.48
Deposits on disposals, 6.36, 6.39
Derivative financial instruments, 2.26, 2.28
Detailed statement of
    financial position, 1.16
    foreign exchange, unmatured debt and cash transactions, 1.20
    non-budgetary transactions and of non-financial assets, 1.19
    operations and accumulated deficit, 1.15
Details of other program expenses of other ministries,
    see Volume II, Section 1
Details of other transfer payments by ministry,
    see Volume II, Section 1
Details of respendable amounts,
    see related ministerial section in Volume II
Developing countries—International development assistance,
    9.20, 9.22
Development of export trade, 9.20
Direct lending to Crown corporations, 2.14
Donation and bequest accounts, 5.7
Donations,
    Canadian Centre for Occupational Health and Safety, 5.7, 5.9
    National Round Table on the Environment and the
        Economy, 5.7, 5.9
    Rideau Hall, 5.7, 5.9
Donations for research, 5.7, 5.9
Due to Canada Pension Plan, 1.16, 1.19, 2.22, 6.2, 6.33

E

Economic Action Plan, Canada's, 1.4
Economic highlights, 1.3
Election and referendum—Candidates' and committees' deposits,
    6.36, 6.38
Employment Insurance Account, 4.10, 4.12, 4.15
    transactions in the, 4.13
Employment insurance benefits, 1.15, 2.5
Employment insurance premiums, 1.15, 2.5, 3.3, 3.5
Endangered species—Donations, 5.7, 5.9
Endowment interest accounts, 5.8
Endowment principal, 4.11, 4.14
Endowments for health research, 4.11, 4.14, 5.8, 5.10
Energy taxes, 1.15, 2.5, 3.4, 3.5
Enterprise Crown corporations,
    and other government business enterprises,
        1.16, 1.18, 1.19, 2.6, 2.8, 3.6, 9.3, 9.4, 9.5
    borrowings by, 9.14
    interest and other, 3.6
    share of annual profit, 1.18, 2.8, 3.6
Environmental Damages Fund, 4.11, 4.13
Environmental liability reduction for contaminated sites, 5.13
Environmental liabilities, 1.16, 2.6, 2.11, 5.2, 5.12
Environmental Studies Research Fund,
    Indian Affairs and Northern Development, 4.11, 4.14
    Natural Resources, 4.11, 4.14
Equity Ownership, 9.18, 9.19
Equity transactions, 1.18, 2.8

E—*Concluded*

Estates—Armed services, 6.36, 6.40
Estates fund, 6.37, 6.40
Euro medium term-notes, 6.2, 6.8
    payable in foreign currencies, 6.8
European Bank for Reconstruction and Development,
    5.4, 9.24, 9.26
Exchange Fund Account, 3.6, 8.4
Exchange valuation adjustment, 6.7
Excise duties, 3.4
Excise tax—
    aviation gasoline and diesel fuel, 3.4
    gasoline, 3.4
Excise taxes and duties,
    miscellaneous, 3.4
    other, 1.15, 2.5, 3.4, 3.5
    receivable, 7.3
Expenditures under statutory authorities, 3.13, 3.14
Expenses, 1.8, 1.15, 2.5, 2.9, 2.12, 3.3, 3.8
    by object, 3.13
    by segment, 2.13, 3.10
    by type of resources used in the operations, 2.13
    compared to February 2008 Budget Plan, 1.9
    compared to 2007-2008, 1.8
    total, 1.7
External expenses by segment and by type, 3.8

F

Fair values of financial instruments, 2.27
Fair wages deposit account, 6.35, 6.38
Farm Credit Canada, 1.19, 9.5, 9.6
Farm Credit Canada Guarantee Loans Program, 9.32, 9.36
Federal/provincial agreement—Advance account, 6.41, 6.48
Federal/provincial cost-sharing agreements, 6.42, 6.48
Federal-provincial fiscal arrangements, 9.28, 9.29, 9.30
FEDERAL-PROVINCIAL SHARED-COST PROGRAMS,
    see Volume III, Section 9
Federal/provincial shared-cost project,
    Human Resources and Skills Development, 6.42, 6.49
    Interprovincial Computerized Examination
        Management System (ICEMS), 6.42, 6.49
Fees and charges, other, 3.6
Field British Columbia and Yukon Operations of the Northern
    Canada Power Commission, 6.35, 6.38
Financial assets, 1.12, 1.16, 2.6
    and liabilities, 2.27
Financial assistance to
    Canadians abroad, 6.42, 6.49
    enterprise Crown corporations and other Government
        Business Enterprises, 9.17
Financial assistance under budgetary appropriations to
    consolidated Crown corporations, 4.9
Financial Consumer Agency of Canada—Advances, 9.31, 9.34
Financial highlights, 1.2
Financial Instruments, 2.26
Financial position of consolidated Crown corporations
        and other entities—
    Assets, liabilities and equity, 4.4
Financial position of enterprise Crown corporations
        and other Government Business Enterprises—
    Assets, liabilities and equity, 9.10
FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS, 1

F—*Concluded*

Financial Statements Discussion and Analysis, 1.2
  discussion and analysis, 1.3
    accumulated deficit, 1.9
    economic highlights, 1.3
    risks and uncertainties, 1.14
    the budgetary balance, 1.4
    total expenses, 1.7
  glossary of terms, 1.21
  introduction, 1.2
    financial highlights, 1.2, 1.5
FINANCIAL STATEMENTS OF REVOLVING FUNDS, *see Volume III, Section 1*
FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA AND REPORT AND OBSERVATIONS OF THE AUDITOR GENERAL OF CANADA, 2
Financing activities, 1.18, 2.8
Fines for the Transportation of Dangerous Goods, 4.11, 4.14
First Nations in British Columbia, 9.32, 9.36
Fixed assets, purchases and operating leases, Transfer payment agreements, 11.3
Foreign claims fund, 6.42, 6.48
Foreign currencies,
  cash in bank, 7.2
Foreign currencies borrowings,
  issued, 1.18, 2.8
  repayments, 1.18, 2.8
Foreign currency risk and sensitivity analysis to foreign currency exposures, Managing, 2.27
Foreign currency translation, 2.11
FOREIGN EXCHANGE ACCOUNTS, 8
Foreign exchange accounts, 1.16, 1.20, 2.6, 2.10, 2.23, 8.2
  change in, 1.18, 2.8
Foreign exchange net revenues, 1.15, 2.5, 3.6
  Exchange Fund Account, 3.6
  International Monetary Fund, 3.6
  other, 3.6
Foreign governments, 6.43, 6.51
Francophone Summits, 6.44, 6.52
Funds from non-governmental organizations, 6.42, 6.49
Future benefit expense, 2.19
Future benefit liability and plan assets, 2.18

G

Gasoline—Excise tax, 3.4
General security deposits, 6.36, 6.39
Global Environment Facility, 9.25, 9.27
  Trust Fund, 5.4, 9.25
Glossary of terms, 1.21
Goods and services tax, 1.15, 2.5, 3.4, 3.5, 5.11
  receivable, 7.3
Government Annuities Account, 6.2, 6.34, 6.71
Government's cost of operations, 3.10
Government's holdings, 6.4, 6.5, 6.12
  and securities held for the retirement of unmatured debt, 6.4
Guarantee deposits—
  Canada Border Services Agency, 6.36, 6.37
  Canada Revenue Agency, 6.35, 6.37
  Indian Affairs and Northern Development, 6.35, 6.38
    oil and gas, 6.35, 6.38
    reserve resources, 6.35, 6.38
  Natural Resources—Oil and gas, 6.36, 6.38

G—*Concluded*

Guarantees, 11.22
  by the Government, contingent liabilities, 2.29, 11.23

H

Haddock fishermen, 9.32, 9.34
Health Insurance Supplementary Account, 4.10, 4.12
Hibernia Development Project, 9.32, 9.38
H.L. Holmes Fund, 4.11, 4.14, 5.8, 5.10, 9.32, 9.38
Holdback—Privatization, 6.35, 6.37

I

Immigrant investor program, 6.41, 6.48
Immigration guarantee fund, 6.36, 6.39
Immigration loans, 9.31, 9.34
Imprest account cheques, 7.2
Imprest accounts, standing advances and authorized loans, 9.31, 9.33
Income from securities in trust—Bankruptcy and Insolvency Act, 6.43, 6.50
Income tax receivables, 7.3
Income tax revenues, 1.15, 2.5, 3.4
  corporate, 1.15, 2.5, 3.4
  non-resident, 1.15, 2.5, 3.4
  personal, 1.15, 2.5, 3.4
Indian
  band funds, 6.36, 6.39
    capital accounts, 6.36, 6.39
    revenue accounts, 6.36, 6.39
    shares and certificates, 6.42, 6.50
  compensation funds, 6.43, 6.50
  economic development fund, 9.32, 9.37
  Economic Development Guarantee Loans Program, 9.32, 9.37
  estate accounts, 6.36, 6.40
  moneys suspense account, 6.43, 6.50
  Residential Schools Settlement Agreement—Common Experience Payment, 6.36, 6.39
  savings accounts, 6.36, 6.40
  special accounts, 6.42, 6.50
Inmates' trust fund, 6.37, 6.40
Insurance accounts, 4.10, 4.12
Insurance and death benefit accounts, 6.41
Insurance company liquidation, 6.41, 6.45
Insurance programs, 2.30, 11.25
Insurance programs of agent enterprise Crown corporations, Summary of, 11.26
Inter-American Development Bank, 9.24, 9.27
  Fund for Special Operations, 5.4, 9.25
Interest,
  accrued, 5.13
  and other, 3.6
  and penalties, 3.6
  due, 5.13
  expense, 2.19
  on bank deposits, 3.7
  paid to the Government, 9.7
  rates, unmatured debt, 6.9
Interest and matured debt, 1.16, 2.6, 5.2, 5.13
INTEREST-BEARING DEBT, 6
Interest-bearing debt, 1.10, 1.16, 2.6, 6.2, 6.12
  by category, 6.3

I —*Concluded*

International Bank for Reconstruction and Development, 9.25
    (World Bank), 5.4, 9.24, 9.26
International contractual obligations, 11.22
International development assistance, developing
    countries, 9.20, 9.22
International Development Association, 5.4, 9.25, 9.27
International Finance Corporation, 9.24, 9.26
International financial institutions, 5.4, 9.25, 9.27
International Fund for Agriculture Development, 5.4, 9.25
International Monetary Fund, 3.6, 9.25
    notes payable, 1.16, 1.20, 8.2, 8.3
    Poverty Reduction and Growth Facility, 9.25, 9.27
    special drawing rights allocations, and, 1.16, 1.20
    subscriptions, 1.16, 1.20, 8.2, 8.3
International organizations, 1.19, 2.29, 3.7, 9.3, 9.24, 11.24
    contingent liabilities, 11.22
International organizations and associations, 9.25, 9.27
International reserves held in the Exchange Fund Account,
    1.16, 1.20, 8.2, 8.3
Inuit loan fund, 9.32, 9.37
Inventories, 1.16, 1.19, 2.6, 10.2
    and prepaid expenses, 1.18, 2.8
    change due to, 1.17, 2.7
    change in, 2.8
Investing activities, 1.18, 2.8
Investments, 1.19, 9.5
    and accumulated profits/losses, 9.5
    capital, 1.19
    dividends, 1.19
    other comprehensive income, 1.19
    share of annual profit, 1.19
Investors' Indemnity Account, 4.10, 4.12

J

Joint Learning Program, 9.32, 9.39
Joint projects, 6.43, 6.52
Joint research and development projects,
    National Defence, 6.43, 6.51
    Public Safety and Emergency Preparedness, 6.44, 6.52
    Royal Canadian Mounted Police, 6.44, 6.52
Judges Act, 6.22

L

Labour standards suspense account, 6.42, 6.49
Laurier House—Interest (Mackenzie King trust account), 5.8, 5.10
Lease and use of public property, 3.6
Liabilities, 1.16, 2.6
Library and Archives of Canada—Special Operating Account,
    5.7, 5.9, 6.41, 6.48
Loans and accountable advances, 9.31
Loans and advances, 1.19, 9.5
    issued, 1.18, 2.8
    other, 1.19
    repayments, 1.18, 2.8
LOANS, INVESTMENTS AND ADVANCES, 9
Loans, investments and advances, 1.16, 1.19, 2.6, 2.10, 3.7, 9.3
    other, 1.16, 1.19, 2.6, 2.25, 3.7, 9.3, 9.31
    other departments—Miscellaneous, 9.33, 9.40
Loans to enterprises in Newfoundland and Labrador, 9.28, 9.30
Lower Churchill Development Corporation Limited, 9.18

M

Mackenzie King trust account, 4.11, 4.14
    Laurier House—Interest, 5.8, 5.10
Manufacturing, processing and service industries in Canada,
    9.32, 9.38
Market debt, 2.16, 6.2, 6.12
    of the Government of Canada, 6.11
Market development incentive payments—Alberta, 6.43, 6.51
Marketable bonds, 1.16, 1.20, 6.2, 6.3, 6.4, 6.12
    nominal, 6.12
    payable in Canadian currency, 6.2, 6.4, 6.12
    payable in foreign currencies, 6.2, 6.4, 6.12
    real return, 6.12
Matured debt, 5.13
Maturity and currency of borrowings by enterprise Crown
    corporations and other Government Business Enterprises, 9.15
Maturity of Government Debt, 6.10
Maturity of obligation related to capital leases, 6.17
Media travel expenses—Share-cost projects, 6.44, 6.52
Members of Parliament Retirement Compensation Arrangements
    Account, 6.21, 6.22, 6.27
Members of Parliament retiring allowances, 6.19
    Account, 6.21, 6.22, 6.26
Military Museum, The (formerly Museum of the Regiments),
    6.43, 6.51
Military purchases excess funds deposit, 6.44, 6.52
Ministerial expenditures by standard object,
    see Volume II, Section 1
Ministerial expenditures by type, *see Volume II, Section 1*
Ministerial revenues, *see Volume II, Section 1*
Ministry expenses, 1.15, 2.5
Ministry summary (of source and disposition of authorities),
    see related ministerial section in Volume II
Miscellaneous accountable advances, 9.31, 9.33
Miscellaneous accountable imprest and standing advances,
    9.31, 9.34
Miscellaneous excise taxes and duties, other, 3.4
Miscellaneous federal/provincial projects,
    Health, 6.42, 6.49
    Public Health Agency of Canada, 6.42, 6.49
Miscellaneous paylist deductions, 5.3, 5.6
Miscellaneous projects deposits—
    Canadian Heritage, 6.41, 6.48
    Environment, 6.42, 6.48
    Fisheries and Oceans, 6.42, 6.48
    Parks Canada Agency, 6.42, 6.48
Miscellaneous revenues, 3.6
Missions abroad, 9.31, 9.33
Montreal Protocol Multilateral Fund, 5.4, 9.25
Mounted Police Foundation, 5.8, 5.10
Multilateral Investment Fund, 5.4, 9.25
Multilateral Investment Guarantee Agency, 5.4, 9.24, 9.26
Municipal Development and Loan Board, 9.28, 9.30
Museum of the Regiments, *see Military Museum,The*
Mutual fund capital gain refund overpayments, 9.29, 9.30

N

National Battlefields Commission—Trust Fund, 4.11, 4.13
National governments including developing countries,
    1.19, 3.7, 9.3, 9.20
National Marketing Programs, 9.31, 9.34
National Research Council of Canada—Trust Fund, 5.7, 5.9
Native claimants, 9.32, 9.37

N—*Concluded*

NATO *see North Atlantic Treaty Organization*
Natural Sciences and Engineering Research Council—
  Trust Fund, 5.7, 5.9
Net change in other accounts, 1.18, 2.8
Net debt, 1.13, 1.16, 2.6
  beginning of year, 1.17, 2.7
  end of year, 1.17, 2.7
  net decrease or increase in, 1.17, 2.7
Net decrease or increase in net debt due to operations, 1.17, 2.7
Net decrease or increase in cash, 2.8
Net increase in cash, 2.8
Newfoundland Offshore Revenue Account, 6.43, 6.52
New Parks and Historic Sites Account, 4.11, 4.13
Non-budgetary transactions and non-financial assets, 1.19
NON-FINANCIAL ASSETS, 10
Non-financial assets, 1.13, 1.16, 1.19, 2.6, 2.10, 10.2, 10.3
  and non-budgetary transactions, 1.19
  by category, 10.2, 10.3
Non-government agencies, 6.43, 6.51
Non-Indian moneys, 6.43, 6.50
Non-lapsing authorities granted/repealed in the current year,
  see Volume II, Section 1
Non-marketable bonds and notes,
  see Bonds for Canada Pension Plan
Non-resident imcome tax revenues, 1.15, 2.5, 3.4
Nordion International Inc., 9.32, 9.39
North Atlantic Treaty Organization (NATO),
  damage claims recoverable, 9.20, 9.23
  infrastructure projects, 6.43, 6.51
North Portage Development Corporation, 9.18, 9.19
Northern Canada Power Commission, Field British Columbia
  and Yukon Operations of the, 6.35, 6.38
Notes payable to international organizations, 5.3, 5.4
Notes to the financial statements of the Government of
  Canada, 2.9
Nova Scotia Offshore Revenue Account, 6.43, 6.52
Nuclear Liability Reinsurance Account, 4.10, 4.13

O

Obligation related to capital leases,
    1.16, 1.20, 2.17, 6.2, 6.11, 6.12, 6.13
  details of, 6.13
  maturity of, 6.17
Observations of the Auditor General of Canada, 2.34
Old age security benefits, guaranteed income supplement
  and spouse's allowance, 1.15, 2.5
On Reserve Housing Guarantee Loans Program, 9.32, 9.37
Operating activities, 1.18, 2.8
Operating leases, 2.29
Other accounts, net change in, 1.18
Other accounts payable and accrued liabilities, 1.16, 2.6, 5.2, 5.3, 5.6
Other accounts receivable, 1.16, 1.19, 2.6, 2.22, 7.2, 7.4
Other business loans, 9.32, 9.38
Other cash—Consolidated Crown corporations and
  other entities, 7.2
Other comprehensive income or loss, 1.15, 1.17, 2.5, 2.7, 3.3
Other consolidated specified purpose accounts, 4.11, 4.13
Other employee and veteran future benefits,
    1.16, 1.19, 2.6, 6.2, 6.12, 6.31
  pensions and, 2.10
  public sector pensions and, 2.17
Other excise taxes and duties, 1.15, 2.5, 3.4, 3.5

O—*Concluded*

Other future benefits - plan overview, 2.18
OTHER GOVERNMENT-WIDE INFORMATION,
  see *Volume III, Section 10*
Other levels of Government, 1.15, 2.5
  transfer payments to, 2.12
Other liabilities, 1.16, 1.19, 2.6, 2.22, 6.2, 6.12
Other loans, investments and advances, 1.16, 1.19,
    2.6, 2.25, 3.7, 9.3, 9.31
  issued, 1.18, 2.8
  repayments, 1.18, 2.8
OTHER MISCELLANEOUS INFORMATION,
  see Volume III , Section 11
Other program expenses, 1.15, 2.5, 3.3, 3.10
Other program revenues, 1.15, 2.5, 3.6
Other receivables, 7.4
Other revenues, 1.15, 2.5, 3.3, 3.6
Other specified purpose accounts, 6.2, 6.41
Other taxes and duties, 1.15, 2.5, 3.4
Other transactions, 1.19
Other transfer payments, 1.15, 2.5
Outstanding cheques, 7.2
  and warrants, 7.2
Outstanding swap agreements as of March 31, 6.12

P

Pacific Rim Mitigation Fund, 5.7, 5.9
Parolees, 9.32, 9.39
PAYMENTS OF CLAIMS AGAINST THE CROWN,
  EX GRATIA PAYMENTS AND COURT AWARDS,
  see Volume III, Section 8
Pension accounts, 6.41
Pension and other liabilities,
    1.16, 1.19, 2.6, 3.12, 6.2, 6.12, 6.18
  change in, 1.18, 2.8
Pension benefits - plan overview, 2.17
Pension plan for federally appointed judges, 6.19
Pension plans, 6.18
Pensioners' Dental Services Plan, 6.31, 6.32
Pensions and other employee and veteran future benefits, 2.10
Personal and non-resident income tax, 5.11
Personal income tax revenues, 1.15, 2.5, 3.4
Personnel posted abroad, 9.31, 9.33
Petro-Canada Enterprises Inc—Unclaimed shares, 6.43, 6.50
Portfolio investments, 1.19, 3.7, 9.3, 9.18
Poverty Reduction and Growth Facility, 9.25, 9.27
Preface to the financial statements of the Government
  of Canada, 2.2
Prepaid expenses, 1.16, 1.19, 2.6, 10.2
  change due to, 1.17, 2.7
  change in inventories and, 2.8
Prime Minister Awards and other deposits, 5.7, 5.9
PROFESSIONAL AND SPECIAL SERVICES,
  see Volume III, Section 3
Program activity,
  see related ministerial section in Volume II
Program expenses, other, 1.15, 2.5, 3.3, 3.10
Program revenues, other, 1.15, 2.5, 3.6
Project deposits—Statistics Canada, 6.43, 6.51
Provincial and territorial governments, 1.19, 3.7, 9.3, 9.28
Provincial and territorial tax collection agreements account,
  1.19, 5.3, 5.5, 5.6
Provincial arrangement on capital assets, 5.7, 5.8

P—*Concluded*

- Provincial funding for collaborative arrangement—
  - Labour Market Develoopment Agreement (LMDA)-British Columbia, 6.42, 6.50
  - Labour Market Development Agreement (LMDA)-Ontario, 6.42, 6.50
- Provincial workers' compensation boards, 9.32, 9.36
- PUBLIC DEBT CHARGES, *see Volume III, Section 7*
- Public debt charges, 1.15, 2.5, 2.12, 3.3, 3.11, 3.12, 3.13, 3.14
- Public Sector Pension Investment Board, 9.18, 9.19
- Public sector pensions, 1.16, 1.19, 2.6, 6.2, 6.12, 6.18, 6.21
  - and other employee and veteran future benefits, 2.17
- Public Service death benefit account, 6.41, 6.46
- Public Service Health Care Plan, 6.31, 6.32
- Public Service Pension Fund Account, 6.21, 6.22, 6.23
- Public Service Superannuation Account, 6.21, 6.22, 6.23

Q

- Queen's Fellowship fund, 4.11, 4.14, 5.8, 5.10

R

- Radarsat, 6.43, 6.51
- RADARSAT-2, 5.7, 5.9
  - Data satellite, 5.7, 5.9
- Recapitulation of external expenses by type, *see Volume II, Section 1*
- Recapitulation of external revenues by source, see *Volume II, Section 1*
- Reconciliation of external expenditures by standard object to expenses, *see Volume II, Section 1*
- Regular forces death benefit account, 6.41, 6.45
- Report of the Auditor General on the financial statements of the Government of Canada, 2.4
- Reporting entity, 2.9
- Reserve Force Pension Fund Account, 6.21, 6.22, 6.25
- Restitutions under the Competition Act, 6.36, 6.40
- Restricted donations, 5.7, 5.9
  - Veterans Affairs, 5.8, 5.10
- Retail debt, 1.16, 1.20, 6.2, 6.6, 6.12
- Retirement Compensation Arrangements (RCA) Account, 6.21, 6.22, 6.27, 6.28
- Return on investments, 3.6, 3.7
  - external, 3.7
  - internal to the Government, 3.7
  - ministerial, 3.7
- Returned soldiers' insurance fund, 6.41, 6.46
- Revenues, *see related ministerial section in Volume II*
- Revenues, 1.5, 1.6, 1.15, 2.5, 2.9, 3.3
  - compared to February 2008 Budget Plan, 1.7
  - compared to 2007-2008, 1.6
  - other, 1.15, 2.5, 3.3, 3.6
  - tax, 1.15, 2.5, 3.3, 3.4
- REVENUES, EXPENSES AND ACCUMULATED DEFICIT, 3
- Revenues, expenses and accumulated deficit, 3.3
- Revenues, expenses and other changes in equity of,
  - consolidated Crown corporations and other entities, 4.6
  - enterprise Crown corporations and other Government Business Enterprises, 9.12
- Rideau Hall—Donations, 5.7, 5.9

R—*Concluded*

- Rights and privileges, 3.6
- Risks and uncertainties, 1.14
- Royal Canadian Mounted Police,
  - Benefit trust fund, 6.37, 6.40
  - Continuation Act, 6.22
  - Dependants' pension fund, 6.41, 6.46, 6.81
  - Disability and other future benefits, 6.31, 6.32
  - Pension Fund Account, 6.21, 6.22, 6.26
  - Pipe Band (NCR), 5.8, 5.10
  - Sponsorship Agreement—Contributions, 5.8, 5.10
  - Superannuation Account, 6.21, 6.22, 6.25

S

- Saint John Harbour Bridge Authority, 9.32, 9.39
- St. Lawrence Seaway Management Corporation, 9.32, 9.39
- Sales of goods and information products, 3.6
- Sales of goods and services, 3.6
- Sales of goods and services, *see Volume II, Section 1*
- Sales of seized assets, 6.42, 6.49
- Schedule of minimum payments, 11.2
- Scholastic awards, 6.37, 6.40
- Securities in trust—Bankruptcy and Insolvency Act, 6.43, 6.51
- Security equipment purchases, 6.43, 6.52
- Security for costs,
  - Courts Administration Service, 6.35, 6.38
  - Supreme Court of Canada, 6.35, 6.38
- Segmented information, 2.31
- Seized assets, Canadian funds, 6.44, 6.52
- Seized property—Cash, 6.36, 6.39
- Seized Property Proceeds Account, 4.11, 4.14
- Seized Property Working Capital Account, 9.32, 9.39
- Service fees for immigration and citizenship, 5.7, 5.8
- Services of a non-regulatory nature, 3.6
- Services of a regulatory nature, 3.6
- Severance and other benefits, 6.31, 6.32
- Share of annual profit in enterprise Crown corporations and other government business enterprises, 1.18, 2.8
- Shared-cost agreements,
  - Agriculture and Agri-Food, research, 5.7, 5.8
  - Canadian Centre for Occupational Health and Safety, 6.42, 6.50
  - Canadian Food Inspection Agency, 6.41, 6.47
  - NAFTA Secretariat, Canadian Section, 6.42, 6.49
  - Natural Resources, research, 6.43, 6.52
  - Transportation research and development, 5.8, 5.10
  - Veterans Affairs, 6.44, 6.52
- Shared-cost/joint project agreements, research, 6.43, 6.51
- Shared-cost projects,
  - Canadian International Development Agency, support to education programs, 6.42, 6.49
  - Foreign Affairs and International Trade, 6.42, 6.49
  - Industry, 6.43, 6.51
  - Natural Resources, 6.43, 6.52
  - Privy Council, media travel expenses, 6.44, 6.52
- Ship-Source Oil Pollution Fund, 4.10, 4.13
- Significant accounting policies, summary of, 2.9
- Significant transactions, 2.13
- Social Sciences and Humanities Research Council—
  - Queen's Fellowship Fund, 5.8, 5.10
  - Trust Fund, 5.7, 5.9

S—*Concluded*

Softwood lumber products export charge, 3.4
Source and disposition of authorities by type (voted and statutory), *see Volume II, Section 1*
Source and disposition of budgetary authorities by ministry, *see Volume II, Section 1*
Source and disposition of non-budgetary authorities by ministry, *see Volume II, Section 1*
Special account—Courts Administration Service, 6.43, 6.51
Special accounts—Section 63, Indian Act, 6.35, 6.38
Special deposits, cash in bank, 7.2
Special drawing rights allocations, 1.16, 1.20, 8.2, 8.3
Special operating account—Library and Archives of Canada, 5.7, 5.9, 6.41, 6.48
Specified purpose accounts,
  other, 6.2, 6.41
  other deferred revenues, 5.8
Spectrum licence fees, 2.13
  and other fees, 5.7, 5.8
Spending and borrowing authorities, 2.11
Spending authorities, 2.11
  over-expenditure of, 2.12
Sponsorship Agreement—Contributions, 5.8, 5.10
Statement of all borrowing transactions on behalf of Her Majesty, 6.11
Statement of cash flow, 1.18, 2.8
Statement of change in net debt, 1.17, 2.7
Statement of financial position, 1.10, 2.6
  detailed, 1.16
Statement of foreign exchange, unmatured debt and cash transactions, detailed, 1.20
Statement of non-budgetary transactions and of non-financial assets, detailed, 1.19
Statement of operations and accumulated deficit, 2.5
  detailed, 1.15
Statement of responsibility, 2.3
Statement of revenues and expenses, *see Volume II, Section I*
Stoney Band Perpetual Loan, 9.32, 9.38
Strategic outcome and program activity descriptions, *see related ministerial section in Volume II*
Structure of interest-bearing debt, 6.12
Subsequent events, 2.33
Summary combined financial statements of enterprise Crown corporations and other Government Business Enterprises by segment, 9.9
Summary financial statements of,
  consolidated Crown corporations and other entities, 4.3
  enterprise Crown corporations and other Government Business Enterprises, 9.8
Summary of insurance programs of agent enterprise Crown corporations, 11.26
Summary of significant accounting policies, 2.9
Summary of transactions in public sector pensions that resulted in charges to expenses, 6.22
Superannuation accounts, 6.2, 6.21
Supplementary Fines Fish Account, 4.11, 4.14
SUPPLEMENTARY INFORMATION REQUIRED BY THE *FINANCIAL ADMINISTRATION ACT, see Volume III , Section 2*
Supplementary Retirement Benefits Account, 6.22, 6.29
  Judges, 6.21
  others, 6.21
Support and development of trade, 9.32, 9.35
Swap agreements, 2.26

T

Tangible capital assets, 1.16, 1.19, 2.6, 2.25, 10.4
  acquisitions of, 1.17, 1.18, 2.7, 2.8
  amortization of, 1.17, 1.18, 2.7, 2.8
  by main custodian ministries, 10.4
  change due to, 1.17, 2.7
  net, 10.2
  net loss or gain on disposal of, 1.17, 1.18, 2.7, 2.8
  proceeds from disposal of, 1.17, 1.18, 2.7, 2.8
Tax and other accounts receivable, 2.22
Tax payables, 1.16, 1.19, 2.6, 5.2, 5.11
  corporate income tax, 5.11
  customs and excise, 5.11
  goods and services tax, 5.11
  personal and non-resident income tax, 5.11
Tax receivables, 1.16, 1.19, 2.6, 7.2, 7.3
Tax revenues, 1.15, 2.5, 3.3, 3.4
Telefilm Canada—Advance account, 6.41, 6.48
Temporary deposits received from importers, 6.36, 6.39
Ten year comparative financial information, 1.15
Transactions in the Employment Insurance Account, 4.13
Transfer payments, *see related ministerial section in Volume II*
TRANSFER PAYMENTS, *see Volume III, Section 6*
Transfer payments, 1.15, 2.5, 3.3, 3.10, 3.13
  by province, major, 3.11
  other, 1.15, 2.5
  other levels of government, 1.15, 2.5, 2.12
Transfer payment agreements, 2.29
Transfer payment agreements, fixed assets, purchases and operating leases, 11.3
Treasury bills, 1.16, 1.20, 6.2, 6.5, 6.12
  average yields at tender, 6.10
Trust accounts, 6.36
Trust fund,
  Inmate's, 6.37, 6.40
  National Battlefields Commission, 4.11, 4.13
  National Research Council of Canada, 5.7, 5.9
  Natural Sciences and Engineering Research Council, 5.7, 5.9
  Social Sciences and Humanities Research Council, 5.7, 5.9
  Veterans administration and welfare, 6.37, 6.40

U

Unamortized discounts and premiums, 1.19, 9.5
  on market debt, 1.16, 1.20, 6.2, 6.9, 6.11, 6.12
  on marketable bonds, 6.9
Unamortized discounts on,
  Canada bills, 6.9
  Treasury bills, 6.9
Unclaimed dividends and undistributed assets,
  Bankruptcy and Insolvency Act, 6.43, 6.51
  Canada Business Corporations Act, 6.43, 6.51
  Winding-up Act, 6.43, 6.51
Unconditionally repayable contributions, 9.31, 9.33
Unexploded explosive ordnance affected sites, 5.12
Unmatured debt, 1.16, 1.20, 2.6, 2.15, 3.12, 6.2, 6.3, 6.12
  as at March 31, from 2005 to 2009, with the average rate of interest thereon, 6.9
  payable in Canadian currency, 1.16, 1.20, 6.2
  payable in foreign currencies, 1.16, 1.20, 6.2
Use of estimates and measurement uncertainty, 2.11

V

Vehicles, 10.6
    by sub-category, 10.6
Veterans administration and welfare trust fund, 6.37, 6.40
Veterans' disability and other future benefits, 6.31, 6.32
Veterans insurance fund, 6.41, 6.46
Veterans' Land Act Fund—Advances, 9.32, 9.40

W

War claims fund—World War II, 6.42, 6.48
Winter capital projects fund, 9.28, 9.30
Workers' compensation, 6.31, 6.32
World Health Organization, 6.42, 6.49